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PRICE 25 CENTS

The Effects of the Gold Standard

...OR...

BIMETALLISTS' CATECHISM

...BY...

W. H. SMITH, M. D., PH. D.

CHARLES H. KERR & COMPANY, PUBLISHERS
56 Fifth Avenue, Chicago

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Worcester, Mass., April, 1896

THE EFFECTS OF THE GOLD STANDARD

OR

Compendium.
BIMETALLISTS' CATECHISM

BY

W. H. SMITH, M. D., PH. D.
Author of "The Frailties of Humanity," etc.



CHICAGO
CHARLES H. KERR & COMPANY
1896

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To the toiling masses of free-born Americans, who are from year to year being reduced more and more to a condition of virtual serfdom by the subtle agency of an appreciating dollar, in the hope that perceiving the cause of their oppression they may break the fetters and re-establish equality in this Republic, this volume is dedicated.

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PREFACE.

ONE hundred and twenty years ago our forefathers revolted against kingly rule, and after eight years of war established a government founded on the equality of man. In the spirit of the constitution, the Magna Charta of liberty, bequeathed by them, there was no room for an aristocracy, but every citizen was to be the political peer of every other. Americans glory in that bill of rights, and it has been our boast that in this country the way to preferment or political honors was open to the humblest as well as the highest.

This equality was actually attained in that early government. It was a land in which there was neither poverty nor great riches, but a happy, contented and prosperous people.

However, with the progress of time a change has occurred, Instead of a land of homes we are growing into a land of landlords and tenants. In place of the happy, toiling, prosperous people we are developing armies of tramps and building and filling jails, poor-houses and insane asylums with the wrecks of broken-down humanity. In lieu of patriotic Americans, glorying in their country and proud of its achievements, we have the foreign-spirited dude who is ashamed of the land of his birth and whose highest ambition is to imitate the snobbishness of the old world aristocrats. We are developing great wealth and great poverty. Society is becoming stratified. Caste is established. The

opportunities for employment are controlled by the few. The toiling masses find their lot from year to year growing harder and harder, and a condition is developing that promises to make this the land of the rich and the home of the slave.

To-day we are told that it will not do to nominate a poor man for office, because he has not money enough to pay campaign expenses. Elections are carried and legislation often controlled by the persuasive power of boodle. One officer's affidavit counts for as much before our pension bureau as that of two privates. We can pension a general or his widow with a fortune, but are afraid of bankrupting our treasury by the pittance doled out to the common soldier. Our people play the sycophant to those whom they have elected to office and pay the most abject homage to the titled bipeds who represent the old world royalty whenever they visit our shores. The spirit of the Republic is dying out, and while we still have the form of election, yet wealth controls and instead of equality we are fast becoming a government of the rich, by the rich and for the rich.

While various causes have conduced to bring about this condition, yet the aim of the present work has been to point out the chief one. In doing so the writer is aware of the responsibility assumed. It is a grave matter to challenge the right of that, which is, to exist. Fully convinced, however, that our financial system, by permitting a monopoly of the medium of exchange, has been the cause of the greater portion of the ills which we, as a nation, are called upon to endure, and that the development of caste under it is a menace to the life of the Republic, it is the part of patriotism and manhood to demand that this system shall be supplanted by one of

which the results will be more in accordance with the genius of republican institutions and the common brotherhood of man.

Where repetitions appear in the present work they have been introduced because the author believed that such repetitions would add to the clearness of the presentation and thus to the better comprehension of the subject.

Personally the author, as a physician, belongs to that class who gold advocates assert would be injured by the free coinage of silver. Were this true and yet the restoration of the white metal to its monetary position for the good of our country, it should make no difference. The welfare of the Republic should be paramount to any individual or class interest. But the statement that physicians will be injured by the restoration of silver is not true. As the author knows, they have been injured by the gold standard. He has seen a steadily increasing number of people from year to year, through no fault of theirs but as a result of an appreciating dollar, becoming so poor that they had nothing with which to pay. The losses from this source, as every physician is aware, more than counterbalance any gain that otherwise accrues to him. Physicians, as well as all business men, are thus directly interested in the welfare of the masses. When you hurt humanity you hurt them, and the British system of money, wherever it has been adopted, has had but one result, the constantly increasing pauperization of the producing masses and the enrichment of the money-lending few. It was from the observation of this result, as well as from reading the works of authors on this and kindred subjects, that the writer was induced to prepare this little volume. If it shall be of any bene-

fit to humanity by enabling the citizens of this Republic to correctly diagnose our greatest national disease, and through their ballots apply the remedy, the author will feel that he has been amply paid for the labor expended in its preparation.

W. H. SMITH.

St. Clair; Mich., Oct. 8, 1895.

THE EFFECTS OF THE GOLD STANDARD.

BARTER, MONEY AND BANK PAPER.

WHAT is the foundation of all business transactions?

Barter. In a crude condition of humanity one man became possessed of something which he did not want, another did, and as a consequence they made a direct exchange. The one traded a commodity which was of less value to him for one of more value to him and less to the other. Both men believed that they would be better off by the exchange, or it could not have been effected. Each regarded the thing which he received as of more value than the thing he gave. A direct exchange of commodities, or barter, thus lies at the basis of business.

Is the fact very different in a civilized state?

No. A man raises a large quantity of wheat. He needs a limited amount for food. The surplus over and above his requirements is comparatively worthless. His neighbor may have a like surplus of potatoes, of which the first has none. It is mutually advantageous that a certain amount of these products be exchanged. This could be effected by barter. But if there were three men and the first had a surplus of wheat and

wanted oats, the second had corn and wanted wheat, while the third had oats and wanted corn, it is evident that direct exchanges might be effected so that each would ultimately receive the thing desired, but it would involve an unnecessary amount of labor in carrying the corn, wheat and oats from one place to the other. The waste of labor becomes greater in proportion to the complication of the exchanges and the number of men with whom they are effected. In a civilized state these exchanges are very numerous and effected with persons in all quarters of the globe. To do this by barter would involve such an amount of labor in transportation as to make it impossible, and hence arose the use of money.

What is money?

Money is the legal substitute for barter. It is a convenient medium adapted and used for facilitating the exchanges of commerce so as to avoid the inconvenience and labor involved in a direct exchange. It is the legal representative or token of value by which we determine the relative value of articles bought and sold in terms of each other. It is the measure of and legal-tender for the payment of debts at law. Whatever the supreme law of the realm declares shall fulfill the foregoing functions is money.

How does our commerce differ from barter?

In a civilized state a farmer does not exchange his wheat, hay, cotton, or the things which he sells, for the goods in the store. Instead he trades them directly for money. Hence it is evident that if money is scarce and difficult to get, the price for his products will be low. On the contrary, if money is plenty, the price will be high. In other words, the greater the abundance of money, the more he will receive for his crops; and conversely, the less money in a country, the less he will receive for what he has to sell.

Do bank checks take the place of money?

Bank checks facilitate exchanges. They save the cost and abrasion of transporting money. But the money stands behind them. The money must be in the bank ready to meet the check if demanded. Were this not so, the check would be worthless. It is only the faith of the people that the money is in existence that enables the check to pass. Without this faith it would not be received. In all exchanges effected by such agencies the money must be behind the paper at some point in the transaction. Checks, therefore, do not take the place of money so as to render the quantity needed for the business of the country any less. They are like the silver certificates in our currency. These are in circulation among the people, but for every dollar thus circulating there is a silver dollar in the treasury. The law requires that silver dollar to be kept there ostensibly in order to redeem the certificate when presented.

If the certificates were all destroyed and the silver used, it would have no effect upon the business of the country except the inconvenience of transporting the metal. The same is true of the gold certificates, checks and all forms of exchange paper. They are not money, but are used to save the cost of transporting money. They are a great convenience, nothing more, and might all be burned up without seriously affecting the business of the country.

Note more particularly the working of this system. A manufacturer might pay his workmen with checks, but before he can do so he must have the money deposited to his credit in the bank. If he draws a check without having a deposit there, the bank will not honor his paper, and, in addition, he lays himself liable criminally. Take the case of a man who wishes a draft on

New York. He goes to the bank, buys and pays for it with money. The bank draws on the New York house which holds their deposits for that amount. In this case *not less* money, but *more* is required. The man must have the money to pay for the draft, and in addition to this the bank must have it on deposit in New York City.

Professor Laughlin, in his Chicago speech, May 17, 1895, gave the following to illustrate that such paper was money and a part of our currency. He said, "A sells a cargo of wheat and draws the bill on a Chicago purchaser for that sum. A discounts this bill at the bank and has a credit put to his deposit account representing his wheat in terms of a common measure of value, but another person, B, sold A woolen goods to the same amount. B draws on A for the same and B gets a credit to his account on the bank for sums also represented in the common measure of account. Now these two bits of paper represent the commodities that are exchanged against each other." The professor goes on to class such paper as currency, and further on says: "It is the most volatile of all our money." But let us analyze the transaction more closely and see on what it is founded. The professor said, "A discounts the bill at the bank." Let us change the phraseology, and say A sold the bill to the bank. In other words, he traded it to the bank for money. The very object of discounting a piece of credit paper was to get the cash. If he could not have obtained that, he would have kept the bill. What A did with the cash for which he sold this bill was an after-consideration. He might have taken it, gone to B's place of business and paid him, but he did not. He deposited it in the bank and allowed B to draw it out, or what was the same thing,

have it placed to his credit. The point to be noticed is that the money was there behind these bits of paper all the time, and without that money and the confidence of these gentlemen in each other's ability to raise the money, the business could not have been transacted. Besides all this, the critical reader will notice that the professor shrewdly omitted closing the transaction. Perhaps he saw that to do that would knock the bottom from under his argument. Be the reason for the omission what it may, he left the bill against the Chicago wheat purchaser at the bank. There was but one probable way to settle this, and therefore it may be added that the transaction was finally closed by the wheat purchaser going to the bank and paying the cash.

Other transactions in which bank paper is vaunted as taking the place of money, might be analyzed like the above and the reasoning shown to be equally fallacious.

Barter, or the direct exchange of commodities, is the only thing that can act as a substitute for money. Obviously book-keeping may facilitate barter. In so far as it does this it may render the demand for money less. This is true in the transactions between nations. By the system of book-keeping in vogue their dealings are reduced to barter. No money is transferred. In fact there is none to transfer. The balances are settled in merchandise. If gold is thus used it is used just as any other commodity would be, at its bullion value and not as a money.

Time credits, by a system of book-keeping, sometimes facilitate barter. This is not true of cash transactions. All the bank paper in the world in the latter cannot diminish the need for money. Whenever any credit decreases the necessity for the use of money, it is where by book-keeping it reduces the transaction to one of

barter. Demand obligations are all on a cash basis, and the money must be on hand to meet them, though it need not be actually handled.

There might be much said about the disadvantages of book-keeping. It means higher prices for commodities, often associated with the payment of interest. It encourages people running into debt which, by changing circumstances, they may be unable to pay,—thus provoking dishonesty. It does not cultivate that thrifty, economical and saving spirit which the state should encourage, but rather tends to improvidence. For these reasons the government should use its influence to have the business of its people done as far as possible upon a cash basis. It can do this by providing plenty instead of a scarcity of money for circulation. With an ample currency, debts are liquidated and the business of the country put upon a more stable foundation by being largely done upon a cash basis. Hence the government should give its people the opportunity to do so by supplying them with enough money to meet all the demands of trade.

Beside the national-bank bills, are there any business transactions by the banks in this country which have the same effect as banks of issue in inflating the currency?

Yes. The loaning of deposits. Suppose 100 men each to deposit \$200 in a bank. The money is theirs and might legally be withdrawn the next day. However, it is probable that but few of them will demand their money. The bank acts on this presumption and retains about 25 per cent as a reserve to meet any demands that may be made, and loans the balance. This leaves \$5,000 in the bank and the other \$15,000 loaned. As this transaction stands by itself, independent of any

money the bank may have had, the latter has virtually issued \$15,000 of paper. This \$15,000 may then be deposited in the same or some other bank, and three-quarters of it again loaned. Thus it may continue. The greater its deposits the more a bank can loan. The amount of this kind of loans is large. The 3,741 national banks in October, 1894, had \$459,628,983 reserves against \$2,019,800,000 net deposits. The other banks (not including the savings banks) and trust companies had \$918,341,126 deposits and \$186,986,783 reserves. The 1,025 savings banks had \$42,486,271 cash on hand, and deposits were \$1,777,833,242. As many of the last named deposits could only be withdrawn under certain conditions, they cannot be regarded as demand liabilities. Now see what this means. The banks and trust companies had about \$2,988,000,000 payable on demand, and only \$646,000,000 with which to meet it. True, they had the remainder due them, but it was not on hand. It was the same thing as if they had issued some \$2,300,000,000 circulation without anything behind it, except the obligations due them. In this case each of the depositors had his money theoretically in the bank and could use it at any time, while in reality some other man had and was using it. In other words, the certificates of deposit had virtually become an issue of paper money by the banks.

Just here in this kind of paper, founded on nothing, is where our panics originate. As the amount of loans is about five times the cash held as reserves, a call that depletes the reserves causes a corresponding shrinkage in the loans. When, for any cause, people become frightened and demand their deposits, the banks are obliged to demand the return of their money, irrespective of how it may affect the borrower. Inasmuch as the

banks, so to speak, have loaned something which did not exist, or made a bank fiat loan, the fictitious part largely disappears, so that a run on the banks for \$100,000,000 would probably reduce the amount of its loans by a sum many times larger.

Gold monometallists are very much worried about the depositors in savings banks, and prate loudly about the danger of their being injured by the restoration of silver. If, as these gentlemen claim, it will make money cheap, then it will place more in the bank reserves and do away with this transacting business on wind and faith. Certainly it is not likely the depositors will be injured by having more money in the bank reserves. The only real danger to the depositors is in an over-expansion of bank credits in the direction outlined above, and not in the fact that there is too much silver and gold in its vaults, and that the business of the country is conducted on a basis of real value instead of bank fiat.

Thus far we have only given the deposits. Let us now look at another phase of the question. According to the comptroller of the currency's report, page 12, the interest-bearing resources of the banks of this country in 1894 were:

Loans and discounts.....	\$4,125,503,251
United States bonds.....	368,898,851
Other bonds.....	1,080,009,980

Total.....\$5,568,906,532

As the comptroller on page 10 states the returns are incomplete for "Delaware, Maryland, West Virginia, South Carolina, Georgia, Florida, Alabama, Arkansas, Tennessee, Arizona, Idaho, Indian Territory, Oklahoma, Montana, Nevada, New Mexico, Oregon, and Utah," it

is evident that these figures are too low and that six or seven billion dollars would be nearer the truth. What does that signify? Why, the total amount of money circulating in the United States is only about \$1,600,000,000, and hence the figures show that the people of this nation are paying to the banks and trust companies interest on about three and a half or four times the entire amount of money circulating in the country. The rate of interest at the banks varies in different states, but it is probable that the average rate will be not less than 8 per cent. This is not interest, as popularly understood, but discount. Taking this into consideration with the effect of compounding every three months, and it amounts to at least $8\frac{1}{2}$ per cent simple interest. Multiply eight and a half by three and a half and what does it mean? Why, it indicates that the banks and trust companies are annually collecting interest on three and a half times the total amount of money in the country, or about thirty per cent on all that is actually in circulation in the United States.

Who pays this interest?

Obviously it is not really the merchants who borrow. They deliver it to the bank, but add it to the price of their goods. In the same way it is not the manufacturer. He either deducts it from the wages of his employes or adds it to the price of the commodities produced. It thus falls upon the laborer or consumer. But this is not all. The money with which the consumer makes his purchases must be earned and somebody must earn it. Who is that somebody? Why, the laborer. All wealth comes from production, and, whoever may spend it, the producer is the source of it all, so that *in the final analysis the interest collected by the bank is paid by*

the laborer either in the form of depreciated wages or enhanced prices for the goods he consumes.

Let us view this from another standpoint. Thirty per cent of \$1,600,000,000 is \$480,000,000. This indicates approximately the aggregate interest paid to the banks and trust companies. As the population of the United States is about 70,000,000, this would be nearly seven dollars a year for every man, woman and child in the country. If we assume five persons to constitute a family, then thirty-five dollars would be the amount from each family. But even this does not tell it all. Many people in this country belong to the money-lending class, who do not aid in the wealth-production. Consequently this leaves a still smaller number to make up the amount paid to the banks, so that probably each family of those who labor is taxed about forty dollars per annum to maintain that magnificent system of credits which gold advocates apotheosize as a substitute for money. That bank certificates of deposits are thus equivalent to an issue of money by the banks and have the same effect as so much additional currency in the transaction of business is, in a certain sense, true, but it is also a fact that *it is altogether too high-priced* and costs the people entirely too much to supply a shortage of money in this manner. It is only because it makes its drafts by indirection in reduced wages or increased prices of goods that it is allowed to stand. Were every laborer required to go to the bank each year and pay the sum thus taken from him by indirection, the whole system would be swept out of existence by the fierce storm of popular indignation that would certainly be aroused.

But it must be borne in mind that these bank certificates do not fulfill all the functions of money. They

facilitate exchanges, nothing more, and for that they are too expensive a luxury. What the people pay, the banks, less the interest on deposits, gain, and in view of this fact it is not strange that bankers, as a rule, are opposed to the restoration of silver. Their dividends largely come from loaning money which has no existence. To furnish them the opportunity to do so, it is to their advantage to have money scarce. They can thus lend more and get more interest, but it is to the advantage of those who have been accustomed to pay that interest to have enough real money in the country to meet all the demands of business instead of, as they now do, relying upon and paying interest on the *fiat* loans of the banks.

THE PRICE OF A DOLLAR.

WHAT is the meaning of the word "price?"

The amount for which anything will sell.

Do prices of commodities vary much from time to time?

They often do.

What causes these variations?

The change in price may result from various causes relating to the commodity, or from a change in the price of the dollar.

What is meant by the price of a dollar?

Other things remaining the same, the price of a dollar is its exchange value. If ten dollars will buy a coat, then the price of a dollar is one-tenth of a coat. If wheat is one dollar a bushel, then the price of a dollar is one bushel of wheat, but if wheat be fifty cents, then the price of a dollar is two bushels of wheat. If the dollar goes up in price, everything else becomes cheap, but if the dollar falls in price, then commodities become dear. In other words, their prices are inversely proportional to the price of the dollar.

In his admirable work, the "Principles of Economics," Mr. Grover P. Osborne puts this so clear that the language is here repeated. This logical and concise thinker says:

"A change in average prices does not show that the values of the goods have changed (since these values are measured by other goods), but that the values of

money have changed; and it is this variation in the values of money which it is all important to avoid. At one time during the Civil War wheat sold at three dollars a bushel. The price has since been less than one dollar. Does any one suppose that the values of wheat were three times as great then as now? By no means; a dollar is worth three times as much. The change is not in the values of the wheat, but in the values of the money."

How can a change in the price of the dollar be detected?

By comparing the prices of commodities generally. Single articles may vary in price from time to time owing to changing conditions, but if it be found that more of the great staple commodities of nearly all kinds can be bought with the same amount of money, then the price of the dollar has risen, and, conversely, if it takes more money to buy the same amount, then the dollar has depreciated in price. The range of average prices of commodities, therefore, is the standard by which any change in the price of the dollar or monetary unit is registered.

Do people often speak of the price of the dollar?

Unfortunately they do not. Otherwise they would reason more correctly. As a rule they do not seem to understand that the dollar has a price, but appear to regard it as the bushel measure or pound weight, something that is always the same, whereas the truth is that it varies up and down in proportion to the volume of currency and as the metal of which it is composed fluctuates in exchange value. As a result they fall into the error of thinking that the price of wheat has fallen or the value of their farms decreased, when the true statement would be that the price of the dollar has risen.

Then is the popular idea of the unchanging character of the dollar a delusion?

It certainly is, and probably is due to our mode of speech. In this country we measure the price of everything in dollars. A farm, house, crop or anything else is said to be worth so many dollars. From this manner of expression, the term dollar is always associated with the idea of a measure of values. The expression is erroneous and leads to mistaken conceptions. Instead of recognizing the truth that gold is a commodity and has its market value regulated by the law of supply and demand, most people come to regard it as the one thing which does not obey this law. Of course this is a delusion and a very unfortunate one, as it prevents in periods of hard times the people from perceiving the real cause of the trouble.

What is meant by the expression an "honest dollar?"

The term might properly be applied to a dollar which does not change in price. However, gold monometallists appear to regard that dollar as honest which will buy two bushels of wheat. Doubtless, if it would buy four bushels of wheat, they would consider it twice as honest.

What would be an ideal dollar?

One that does not change in price. It would at all times buy the same number of articles. If a person borrowed a given sum, the principal when repaid should be capable of purchasing just as many of the necessities of life as when borrowed. It should neither buy more nor less but exactly the same number. A dollar that either increases or diminishes in purchasing power is unjust.

If a dollar must change in price, which is better, to have it increase or diminish?

It is better to have it grow cheaper, for the reason that the loss would fall upon the creditor class, who, as a rule, are best able to stand it. Also it would stimulate business, while to have the unit or measure of value growing dearer would repress it.

Why is this?

The reasons ought to be obvious. Rising prices cause money to seek investment. A man will gladly purchase property when he knows it is rising in price and that he can dispose of it at a profit. On the other hand, if prices are falling, no intelligent merchant will wish to carry more stock than is necessary, because he understands that the decline intervening between the time of his purchase and sales may destroy his margin of gain. In like manner the manufacturer is affected. The decline in price may destroy his profit or even compel him to sell at a loss. Again, if it be true, as claimed, that the larger part of the manufacturing in this country is done on borrowed capital, then a man would have to be unusually cautious about engaging in any enterprise. Suppose, for instance, Jones has \$1,000 which is idle. Brown knows it can be had for 6 per cent and sees an opportunity to use it in an enterprise that will pay 10 or 12 per cent. He is after it forthwith and the country gains by having a new industry that will furnish employment for labor started. However, let us suppose that the dollar is increasing in price and that Brown knows that the \$1,000 which he borrows will, by the enhancement of the money unit, become by the time of payment \$1,200 or \$1,500. Thus, while the nominal amount of the debt would remain the same, it would require a much larger quantity of his products than stipulated to discharge the obligation. The result would be the same as if a certain sum had

been added to the principal. As this would be done without equivalent by the change in the money unit, the borrower would have nothing to show for it. He would therefore be compelled to pay for something which he had not received. This would be unjust, but aside from the question of injustice stands the fact that Brown, if a wise man, would not wish to borrow under those conditions. Seeing that the steadily increasing price of the dollar would wipe out his chance for profit and perhaps ruin him, he desists from his enterprise and the country is the loser. However, it is not only Brown who will look at this matter, but also Jones. The latter, in considering the question of lending, wants a safe investment. He therefore takes into consideration such questions as Brown's honesty and his ability to pay. The latter depends very largely upon whether his enterprise shall be successful or not. If Jones knows that Brown, in consequence of the appreciation of the dollar, will lose money in his undertaking, then, other things being equal, he will not lend to him. He might do so, but only provided he received ample security. He would not loan on the same security that he would, providing the business was to be profitable. In one case he knows the man to be honest, and as the enterprise will be successful, a loan to Brown would be a safe investment; in the other, resulting from the appreciating dollar, the enterprise will fail and destroy Brown's ability to pay. For this reason either no loan is made or other security aside from the business is required. Hence, with an appreciating dollar, money demands better security than where the dollar is stable and will be driven from business rather than loaned upon the same kind.

If too often happens that large owners of money de-

posit it in banks and trust companies where it will draw a low rate of interest instead of investing it in productive enterprises. Money is thus hoarded, trade languishes, factories are idle, laborers unemployed, and wages fall whenever this spirit is abroad in the land.

To beget this spirit there is no other agency so potent as an appreciating monetary unit, as no one wishes to produce or purchase any line of goods to decline in price and be sold for less than cost because the dollar has increased in price. That a large volume of money thus deposited will beget a low rate of interest is evident. Indicating, as it does, money thus driven from business, a low rate of interest instead of showing that money is cheap is just the reverse, and the real thing which it does indicate is an appreciating standard of values.

The best money in the world is that which is least changeable and most stable and constant. Conversely, THE WORST POSSIBLE MONEY IS THAT WHICH IS STEADILY GROWING DEARER, for the reason that it always causes a decline in the price of everything else. Not that everything will actually fall, because other causes may operate to enhance the price of some articles, but other things remaining the same, it will cause a decline in prices and will always make the price of everything else lower than what it would be if the dollar did not appreciate. An appreciating money is robbery of the most enterprising and industrious classes, as these are more apt to be the borrowers. It thus represses industry, throws multitudes out of employment and brings suffering and privation to thousands more. The greatest wrongs to humanity have resulted from variations in the price of money, and by no other agency has so much injustice been wrought in the world. It furnishes to those

who do not create wealth the means of appropriating to themselves the property of those who toil, allows unscrupulous men to accumulate colossal fortunes by systematic, legalized robbery, and lays the foundations for a system of caste by establishing a powerful, wealthy class who shall dominate legislation and secure enactments designed to make the rich richer and the poor poorer. This power for mischief and danger is greatly multiplied by the existence, at the present time, of stupendous debts involving colossal sums of interest such as were never before known.

But it does not stop here. It touches the moral as well as the physical well-being of the race. The man, who finds that society, by a change in its monetary standard, has despoiled him of property which he knows is his of right, feels bitter towards organized society. He sees in it nothing but organized injustice. He sees

"Right forever on the scaffold,
Wrong forever on the throne,"

and determines that the throne and all who uphold it shall fall. When we consider this spirit in humanity and also the effect of an appreciating dollar for the last twenty-two years in transferring the property of the debtor to the creditor class, we need not be surprised at the strides communism, anarchy, nihilism and kindred societies are making in the old world, nor the growth of monopolies, trusts and labor organizations, with strikes, riots and bloodshed, in the new. It is but the struggle of those seeking to despoil and those protesting, often blindly, against what appears to them a crime for which there is no legal redress; but out of it has developed a lower tone of morals, and a spirit of lawlessness which does not augur well for the future stability of society.

The question of the price of a dollar is therefore of the utmost importance, as it goes to the very bottom of things. The teacher, the pulpit and the press, as moral leaders, have a duty which they owe to the race in the matter. The question should not be settled by a consideration of some individuals or classes, but by what is best for the great mass of humanity. To this there can be but one honest answer. The measure of values should not appreciate in price, and the dollar which does is the worst possible dollar and ought to be abolished.

VALUE AND BASIC MONEY.

WHAT is the meaning of the word "value?"

Value is a word of double meaning, arising from use and exchange. Thus a loaf of bread has a value for the benefit it may be to the person who owns it. He can eat, enjoy and be nourished by it. This is value in use. It is consequent upon the pleasure or satisfaction a thing may give to its possessor. In its enjoyment there need be no other person in the world, as the owner does not wish to part with it, but to derive satisfaction from its possession. In so far as it gratifies his desires it is valuable to him and to him alone.

In contrast with this stands the commercial market or exchange value, which is the only one for which we need a standard. This is founded upon the use it may be to somebody else than the owner; in other words, how many and what kind of commodities will be given for it. This kind of value is therefore in the exchange, and represents the relation between commodities. In other words, value in this sense is the ratio at which commodities will exchange for each other. It is not synonymous with price, because the exchange may be by barter, but exchange value is the ratio at which all commodities may be bartered. Obviously, the money which often intervenes to facilitate this barter should on an average express this ratio in the same terms at one time as another.

Why is gold not a just measure to express the standard of values?

Because it cannot be increased in proportion to the general increase of commodities.

Upon what does the price of money depend?

The supply and demand. Every country needs a volume of money proportional to its trade and commerce. This creates the demand. If there is not enough money to meet the demands of business, the price of the dollar will be high. On the other hand, if there is too much money, the dollar will be cheap. The price of money, therefore, is governed by the quantity rather than by the substances of which it is made. Gold and silver, having a commercial value, have been useful as money metals, because they gave the people confidence in the money and thus led to its acceptance. Having value, they also served as a standard of comparison; but were all the precious metals sunk in the ocean, it would be embarrassing for a time and great confusion would result, but the same demand for money would exist. Nay, it would be a greater demand, on account of the loss of these metals. Money would be sought and could not be had. As a consequence it would rise in price until something else appeared to take the place of the metals lost. If a thing absolutely without value was chosen then for money purposes, and the supply was so limited that only half the present amount of circulating media in the world could be obtained, and the people were prohibited from using anything else as money, then that thing, worthless for all other purposes, would give us a higher-priced dollar than we now have. It would have to be accepted; that is, the people agree on its use as money and then the demand would send up the price. It would be the same thing as a number of hungry men with a small loaf of bread. The owner could get practically his own price. The same law ap-

plies to money. Whatever is generally accepted will meet all the requirements. Having been accepted, the question is one of supply and demand. These, then, fix the price instead of the substances of which it is made.

To put it differently, the price depends upon the quantity of money and the payments to be made. The amount circulating in any country represents everything that is purchasable in that country. If the quantity of purchasable commodities increases while the volume of money remains constant, the price of the money will increase, and *vice versa*. If, on the other hand, the number of purchasable commodities remains the same and the quantity of money increases, the price of the money will decrease in the same ratio, or what is the same thing, the price of commodities will rise. Differently stated, expansion of the currency causes an advance of prices, while its contraction will cause them to fall.

However, it must be remembered that in the monetary use of any commodity having value there will be *two demands* operating upon it, one occasioned by the requirements for use as money and the other caused by its employment in the arts; in other words, a *money demand* and a *commodity demand*. The latter is regulated by the same laws that govern other articles of merchandise, but will be more or less subordinated to and regulated by the demand for money, as that is the more important.

In a mixed circulation like that of the United States what fixes the value of the money?

The price of gold. Gold, being the basic money or money of ultimate redemption, fixes the value of all the rest. We have gold and silver, nickel and copper, treas-

ury notes and greenbacks, all legal-tender, though all except gold more or less restricted in their legal-tender power. We also have gold certificates, silver certificates, and national bank bills, which are not properly money, as no one could be compelled to accept them in payment of a debt. However, this mixed volume circulates as if it were all gold, from the knowledge that the government will either redeem the other kinds in gold or receive any of it for taxes on a par with gold. This token and credit money operates as an addition to the gold supply. Were the greenbacks destroyed, unless replaced by other circulation, that would cause a contraction of the currency and depreciate prices of all commodities in the country probably one-fifth. This is another way of saying that gold fixes the price of our money, but the total volume of our circulation in turn fixes the price of gold. Some deny this view and claim that credit or token money can in no way enhance prices, but to the writer it seems plain that they can, and do in times of prosperity, operate largely as an addition to the basic money of a country would.

Then is the amount of basic money of no consequence?

On the contrary, it is of the utmost importance. A large volume of basic money is necessary in order to give stability to business. Everybody knows that only a certain amount of credit can be sustained by a limited amount of capital. The same is true of the quantity of token and credit money that can be safely issued upon a given amount of basic money. If this limit be exceeded, then a collapse is inevitable. In this way periodical panics result, when there is a deficiency of basic money and an over-expansion of credit in consequence of such deficiency. What the limit of safety is need

not be inquired. It is sufficient to know that there is such a limit.

Suppose it to be one-third, or that a given volume of basic money will sustain twice its own quantity of credit. Then as the United States has \$636,000,000 of gold, it can safely issue twice that amount of credit or token money. This is about the amount now issued; consequently if a portion of our gold went to Europe, to be safe we would have to withdraw twice that amount of paper. That is, a loss of \$100,000,000 in our basic money would contract the currency \$300,000,000.

To see that the United States is somewhere near the limit one need but consider what occurred in the panic of 1893. Owing to complications in foreign lands a large amount of gold was exported. The treasury reports state that the gold money of the country was \$66,577,650 less on July 1, 1893, than on July 1, 1892. As the national bank bills are founded on bonds, this would not affect them, but the natural tendency would be for them to increase as money became stringent. Also as we were purchasing large quantities of silver and issuing treasury notes in payment, it is evident that both the silver and the notes would increase as they did. Hence the effect of the removal of this portion of our basic money would be shown on the other kinds of our circulation if it had any effect at all. Now note what happened. Between July 1, 1892, and July 1, 1893, the aggregate amount of all the remaining kinds of paper money in the United States diminished \$81,246,540. In other words, our currency was decreased not simply by the gold exported, but also by the paper which fell in consequence of its base being removed. The loss of the \$66,574,650 contracted the currency to the amount of \$147,842,190. That this was in part replaced by

silver and silver notes does not affect the question, because if the gold had not left us and in its departure carried down this paper circulation, the effect of our silver purchases would have given us so much additional currency. But this does not tell it all. As already stated, the loans of the banks operate as fiat bills of issue, and from September 30, 1892, to October 3, 1893, the loans and discounts of the national banks fell \$327,406,921. Later the savings and other banks seemed to show the effect, and their loans and discounts for the fiscal year 1893-4 were \$106,976,835 less than for 1892-3. In other words, the whole credit system resting upon that gold base was shaken and its departure caused a contraction of these to the amount of \$582,000,000, or enough to cause a shrinkage of about one-tenth in the value of all property in the United States. Immense as was that loss, yet it was probably equaled or eclipsed by that resulting from the prostration of our industrial system, by which millions of laborers were thrown out of employment and compelled to suffer through enforced idleness the loss of the wages which they might otherwise have earned.

The panic of 1837 illustrates well the difference between redeemable and redemption money. In 1837 prices were high. The country had \$73,000,000 of specie or redemption money, of which the banks held \$37,000,000. There was also in circulation \$149,000,000 of bank bills. This volume of currency, with the \$525,000,000 of bank loans, gave high prices. In the succeeding financial revulsions this credit system was largely swept away. An exportation of specie sufficed for its ruin. The \$149,000,000 of bank bills dwindled to \$58,000,000 in 1843, and the \$525,000,000 loans dropped to \$250,000,000. It is doubtful if they would have stopped

there had not the importation of specie given the country \$90,000,000 of basic money in 1843, and the banks \$49,000,000 in 1844. Coincident with this collapse of the financial system came the fall of prices, until in 1843 they reached probably the lowest point in our country's history. The large volume of circulation of money and substitutes for money caused the high prices of 1837, the diminished volume the low ones of 1843. The lack of enough basic money produced the panic, contraction and consequent shrinkage of values. By the collapse we see inflation prices contrasted with those that are substantial. This tells the whole story. Inflation prices are fixed by the volume of credit or token money circulating in a country, but legitimate prices are dependent upon the quantity of its basic money.

That bankers understand perfectly this difference between basic and other kinds of money is evidenced by the fact that in times of panic they endeavor to increase their reserves, not in money generally, but in that of ultimate redemption. Thus from 1837 to 1844 the banks increased their specie reserves \$12,000,000, and from Sept. 30, 1892, to Oct. 3, 1893, the national banks increased their gold reserves \$34,718,486, while their holdings of government paper currency diminished \$15,862,298. These figures are instructive because they show that whatever the gold advocates may say, the bankers understand that there is a vast difference between basic and other kinds of money, and act accordingly. By thus endeavoring to have as much as possible of the gold in their reserves the bankers, by action which is stronger than words, admit that the basic money controls and fixes the value of all the rest, and thus indirectly fixes the legitimate prices of all property.

Is not the credit of our government better than that

of a bank, and therefore is not less basic money necessary to sustain its credit circulation?

Undoubtedly this is true. Every dollar's worth of property in this country stands behind and can be made to redeem the government's credit, but the government does not avail itself of that in its monetary system. Rather it limits itself. Instead of making its obligations payable in all commodities, it makes them payable in the one commodity, gold. Under such circumstances its credit would depend upon the same conditions as that of an individual or a bank, that is, its ability to redeem its promises. Take the case of 1837. Many of the banks that failed had property far in excess of their liabilities. Their failure was due to the fact that they were unable to convert this property into specie with which to redeem their obligations. It is often so with individual debtors. They become insolvent from their inability to convert their property into money. The same principle will apply to a government. During the war we contracted a large debt, payable, for the most part, in lawful money, which meant greenbacks, gold or silver. In 1869 we agreed not to use greenbacks with which to pay. In 1873 we eliminated silver from our agents of payment. Here is a debt that should have been kept payable in all commodities made payable in but one, and that gold. How much gold have we? \$686,000,000. The outstanding principal of our debt at present is about \$1,742,000,000. Deducting our gold, it still leaves \$1,106,000,000. The interest is about \$80,000,000 annually. How much gold do we produce? About \$35,000,000 a year, nearly half of which is used in the arts. This leaves us about \$20,000,000 a year with which to pay an annual interest of \$80,000,000 and an outstanding prin-

cipal of \$1,106,000,000. If this promising to do the impossible will not destroy the credit of a nation, what will? Of course we may trade our products for gold and thus extinguish the debt, but this claim only emphasizes the folly of having restricted ourselves to one commodity for debt-paying power.

However, the credit of a nation is to a large extent dependent upon its citizens. All concede that the people of the United States, including under that term the national, state, corporation and private debts, owe to Europe about \$5,000,000,000. The interest on this at 4 per cent is \$200,000,000 a year. The rate may be higher than 4 per cent; it is probably not less. For the last twenty years our net exports of merchandise have averaged \$105,000,000 per annum. This leaves \$95,000,000 a year interest to be paid with the \$35,000,000 of gold produced, or rather with the \$20,000,000 left after supplying the arts. That this is impossible of accomplishment is apparent, and yet that is the necessity before our people if the gold standard is to be maintained. But this does not tell the whole story. Our goods are mostly carried in foreign bottoms, and the cost of such oceanic transportation is about \$180,000,000 per annum. Rich American girls buy foreign titles as husbands. Our millionaires rush to Europe and some of them live there. The amount for their support is taken from this country. It is estimated that 100,000 Americans thus go abroad every season and spend on an average \$1,000 each. This would make another \$100,000,000 taken from the country. In addition to all these, armies of unnaturalized Chinese, Italians, Huns, Japanese and other foreigners are employed in the United States. These live here for a time and then return home, carrying their earnings with them. In

some cases all that can be saved from their wages are from week to week sent to other lands. Here is another drain on American resources. This has been estimated at \$100,000,000 a year, but of course any estimate of this kind must be the merest guess-work. However, the drain from all these sources cannot be less than \$400,000,000 and is probably nearer \$500,000,000 a year. To meet this we have the \$105,000,000 net exports of merchandise and about \$20,000,000 of gold output. Of course it cannot be done. It is impossible to pay four or five hundred million dollars a year with about \$125,000,000. Hence our people are forced to borrow money to pay interest, thus getting deeper and deeper into debt. If this is to continue, there can be but one result. Our people can never pay. It is an absolute impossibility, and the time will come when the capitalists of the old world will own the United States.

Is the statement, often seen in the press, about old world money being invested in this country an indication of the prosperity of this Republic?

No. We have too many such investments already. It indicates that the country is becoming more hopelessly involved. The best thing that we could do would be to pass a law requiring every man who lives in any other nation to take his money or property and get out of the United States and keep out under penalty of confiscation. Such investments by foreigners always take money from this country to enrich other lands. Of course this will not apply to trade balances, but to investments of foreign capital. The interest, rental, or dividends on such tends to the impoverishment of this nation. Of course, if driven from the country, such investors would have to take the greater part of their be-

longings in property, as there is not enough of the money metals.

Are not such investments necessary for the development of our country?

Under the gold standard they are, and also necessary for the enslavement of the producing classes, but with a proper monetary system they would not be necessary. This country is great enough to make its own money instead of borrowing it. As Catherine of Russia once said, "If I borrow money from my nobles I shall be their slave, but if I make my own money they will be mine." The like will apply to our country and England.

Supposing silver had not been demonetized, how would our nation have been affected?

The increased price of our exports and value of property would probably have prevented the incurring of this immense volume of private debts. Even now its remonetization, by increasing the price of our exports, would help to liquidate them. Without demonetization our interest-bearing public debt would have been extinguished long ago. At present our silver output is \$77,000,000 a year. With remonetization this, less the amount used in the arts, would be available for coinage, and added to the gold would be enough to pay the interest on our public debt and part of the principal. The gold received for exports in that case might be used to enrich our currency or pay private debts, instead of, as at present, being taken for interest on our public debt.

The United States in July, 1895, employed in its monetary system \$636,000,000 of gold and \$624,000,000 of silver. Had silver not been demonetized and the same amount of precious metals been in use this would

have made our basic money about \$1,200,000,000 instead of, as at present, a trifle over \$600,000,000; for in that case the silver, instead of being sustained by the gold, would have been part of the basic money and helped to sustain the credits. With this double volume of basic money twice the credits now possible, could have been floated. In that case our base would have been broad enough to have sustained a much larger amount than we were carrying. Consequently the reduction of the gold by \$66,000,000 in 1893 would have contracted our currency \$66,000,000. It could not have affected our credit system, because the volume of basic money remaining would have been enough to have sustained the whole. Hence no portion of that credit system would have fallen, and the contraction of the currency by \$66,000,000 would not have been enough to have seriously affected the business and industries of the country.

To resume, the material of which basic money is made is of secondary importance. If made full legal-tender and receivable for taxes, it will gain circulation. The supply and demand then regulate its value. The volume of basic money fixes the volume of representative money. In turn the volume of both representative and basic money controls the volume of credits that act as money, and the quantity of all these, with the exchanges to be made and payments to be met, fix prices. Thus indirectly the prices of commodities in a country are fixed and controlled by its volume of basic money.

Since the basic money must thus sustain the other kinds, and the loss of a considerable portion of our basic money causes part of the credit system to collapse, thus paralyzing the industries of the country, what is the meaning of the term "sound money?"

The term "sound money" is a euphonious name invented to designate a monetary system that compels a farmer to pay two bushels of wheat where he only owes one, and that forces every producer to contribute a large share of his earnings to the support of an idle, money-lending class.

Did not the bankers' conspiracy cause the shrinkage in the volume of our money during the panic of 1893?

That undoubtedly helped it and prolonged its effect, but had our monetary system been on a solid foundation it would have been impossible for any one class of men by a conspiracy to paralyze the business and industries of the country. The fact that a class of men, by taking advantage of the call for gold from foreign lands, could stop the country's industries by contracting its currency, not only indicates that our nation's credit is shaky, but is also a strong condemnation of our monetary system.

Was not the distrust of the Democratic administration and Congress the cause of the panic of 1893?

How could it have been? The export of our gold commenced in February, 1892, over eight months before the election. Our treasury reserves were low and there was talk of a bond issue prior to the close of Harrison's administration.

What about the effect from the change in the tariff?

In the first place the panic was at its greatest stress before the tariff was changed. In the next place the change in the tariff was not enough to be worth quarreling over. Both the Wilson bill and the McKinley bill were protective measures, the latter a little more so than the former. As between free trade and protection, there would be some choice. The effect of a protective tariff is to diminish imports. As the ex-

ports would be unaffected, if the imports were excluded, with our present monetary system this would cause an inflow of gold to pay balances. The effect of this addition to our basic money would be to cause an expansion of the credit system; consequent on this expansion prices would rise and business prosper. However, this rise of prices with the resulting depression in other lands would enable foreigners to pay the tariff and send their goods here until we again had an excess of imports. This would cause an outflow of gold, and thus deprived of our basic money we would have a period of contraction and consequent depression. Thus we would have periods of prosperity alternated with panics. In other words, under protection the gold standard will ruin us periodically at short intervals, while under free trade it will keep us in a condition of continuous ruin.

However, a point that must not be lost sight of in this connection is that the quantity of basic money in a country fixes the *permanent* or *legitimate home* prices for labor, and all the products marketed exclusively or nearly so for home consumption. On the contrary, the prices of those products which are largely sold abroad are made by the quantity of the basic money in the nations to which they are sent. The price of the exports, being thus fixed by the foreign money, reacts upon and fixes the home price. The price of wheat, cotton, etc., is made, therefore, not by the quantity of money in this country, but by that abroad. Hence the tariff in its beneficial effects upon the other industries of the nation by removing foreign basic money to this country, is thus far prejudicial to the American farmer, as it, other things being equal, creates lower prices for the staple products of the farm. Of course there is some compensation for this in the home market which it

creates for such farm products as are consumed almost exclusively in this country.

Barring the effect of the tariff, debts, varying harvests, wars, etc., gold tends to distribute itself among the gold-standard nations in proportion to their commercial needs. If prices are higher in one country than in another, it will leave that country and go where it can be used to buy the most of other commodities. It is like water in two reservoirs with a connecting pipe. Dip a portion out of one and that from the other flows in to take its place. By dipping from the one and pouring into the other you can scarcely disturb the level. The free coinage accorded to gold acts as such connecting pipe between all gold-standard nations, and prices correspond to the water's level. Hence to draw the basic money from other nations we must undersell them. When our products are offered at lower prices than theirs, then their basic money will be drawn to us. When this has continued to a certain point, prices abroad will fall until a return flow of money is created. In other words, with a common standard it is not the quantity of basic money in any one country, but in the world that ultimately fixes prices, as under free coinage of gold this iron law of competition brings them to approximately a common level. To keep the gold in this country in sufficient quantity to meet the demands of business our workmen must sell the products of their industry, which is simply so much stored-up labor, as *cheap* as do the laborers of foreign lands. They are thus under the gold standard brought into direct competition with the pauper labor of the old world, and if that standard is maintained must ultimately sink to the same condition.

Of course the tariff to some extent may prevent this

result and delay the action of this competition, but it can do no good to those whose products are not and cannot be protected; in other words, to those who produce our chief articles of exports. Borrowing may also postpone the evil day, but this will only be to cause it to appear with intensified force in the future. Other causes may operate to delay the effect, but these can only be transient. Chained as we are to England's god of gold, the degradation of our producing classes must follow unless we break those fetters.

MONOMETALLISM AND BIMETALLISM.

WHAT is monometallism?

It is that system of money in a country in which only one metal has the right to unrestricted coinage at its mints. Thus this country at present has gold monometallism. Gold has free coinage under our laws. We also coin silver, nickel and bronze, but the coinage of these is limited.

Under such a system what fixes the price of the dollar?

The price of gold. This would, however, be modified somewhat by the token money in circulation, but primarily the price of the dollar would be conditioned upon the value of the gold bullion entering into its composition. Gold, being a commodity as well as a money, will vary in price according to the law of supply and double demand. The price of the dollar, therefore, is not stable, but fluctuates with changes in the currency volume and as the price of the yellow metal fluctuates.

Why does all our other money have its price fixed by gold?

Because it is all redeemable in or exchangeable with gold. This is the method chosen of maintaining the parity. Though there is no express law declaring the silver to be thus exchangeable, yet it is the policy of our government officials. Aside from this, the limitation on the coinage of everything except gold, and the willingness of the government to accept all kinds and

allow its creditor a choice, would have the same effect as to formally declare them directly exchangeable.

Upon what does the price of gold depend?

The price of gold depends upon:

1. The existing stock.
2. The number of people in the world.
3. The uses they make of it.

What would cause variations in the price of the yellow metal?

Such variations result from:

1. The amount mined. An increased output tends to depress the price and a diminished one to raise it.

2. The growth of population. If this increases more rapidly than the gold output the price will be high; while if this condition be reversed, the price will fall.

3. The amount used in the arts. This may increase or diminish faster than the population, and of course such increased or diminished use would affect the price.

4. Legislation. This is the main cause, because its use in money is so general. Any change in the laws of any country that would modify in any manner its monetary use would, to the same extent, change the price.

5. Corners or trusts. These have the same effect in bullion and bearing gold as they have with any other commodity.

6. Hoardings. This may be done either by misers or by governments. We have a hundred million gold reserve thus hoarded. Some other nations have a similar fund, and if all were to attempt it, there would not be enough of the yellow metal in the world to make up the amount of reserves required. All such sums removed from circulation and placed where they are useless to the business of the country, help to make gold scarce and send up the price.

7. Losses, as by shipwreck and abrasions. The amount thus lost to the commerce of the world no one can estimate with any degree of accuracy, but it is large. The loss from abrasions has been variously estimated at from $\frac{1}{4}$ to 1 per cent a year. At $\frac{1}{4}$ per cent it would amount to about \$10,000,000 annually of the world's gold, or enough to have a decided effect on the supply. Of course, when recoined, this would diminish the number of coins by the amount of the abrasion and thus tend to increase the price of gold.

8. The growth of business. In any country, if there are only a given number of products to be exchanged, it is obvious a certain amount of money will suffice, but if the number of products be doubled, it will take twice the amount to do it with the same ease. In view of this fact an increase of business in gold-standard countries increases the demand for gold and enhances the price. The like will apply to debts, gambling operations and anything that increases the demand for gold.

Owing to such causes, gold, instead of being the stable, honest dollar which many believe, is subject to wide fluctuations, but, at the present time, with a general tendency to increase in price.

Did gold change much in price during our civil war?

Yes. It showed marked variations. It seemed to change with nearly every quotation of the market.

The fact was that at that time the people of this country had so largely ceased to use gold as money that it lost even the partial stability imparted to it by such use, and rose and fell like any other commodity. Having been supplanted for monetary use by the greenbacks, it lost the controlling influences to which money is subject and became a commodity for money brokers

to gamble with. It varied not only in the quotations, but also in purchasing power. For instance, an ounce of gold would buy an average of 7 per cent more commodities in 1861 than in 1860. The next year it fell 8 per cent, the next it rose 12 per cent, and in 1864 fell 20 per cent in purchasing power. In 1865 it rose 3 per cent; and in 1866 fell 18 per cent, so that in 1866 it would only exchange for about 65-100 of as many goods as it would in 1863. Whoever wishes to verify this, needs but take the senate finance committee's report on prices and compare them with the quotations for the yellow coin. He will then see that when gold ceased to be used as money it jumped around so much as not to be entitled to any claim for stability. Measured in the currency of that period gold ranged from \$20 to \$59 an ounce, and measured by its value in other commodities it bobbed up and down like a kite without a tail.

What is bimetallism?

As popularly understood it means the use of two metals in a money system, each of which shall be a unit of value. This is erroneous. Bimetallism properly signifies the use of two metals in a money system, both of which shall be full legal-tender and have the right to unrestricted coinage at the mint. Some men try to apply the term bimetallist to themselves as upholders of our present system, because we coin both gold and silver. We also coin nickel and bronze. Hence to be consistent these gentlemen should designate themselves quatuormetallists and paperists.

Under a bimetallic system upon what does the price of the dollar depend?

Upon the price of the two metals. If either was the dearer, it would be either hoarded or used in the arts,

leaving only the cheaper to seek coinage. This would cause an increased demand for the latter for money purposes, because it would be called upon to take the place of both metals as money. There would, therefore, be a double demand put upon it, and this would raise the price. In the meantime the dearer metal would oversupply the demand in the arts. As a consequence it would decline in price until it became profitable to send it again to the mints. Consequently it would again seek coinage, while the other might for a time go to the arts. Thus equal amounts of the two metals would not, as a rule, be coined at the same time; but by the larger quantity, first of one and then the other, seeking the mint they would never diverge widely, but maintain each other at a parity by this alternation. This method of action and maintaining the parity is what is known as the law of bimetallism.

Why does bimetallism give a more stable dollar than monometallism?

For the reason given above and also because under it the price of the dollar would depend upon the fluctuation of two metals instead of one. If the price of one rose, that of the other would usually fall, and the average would be more uniform than that of either alone. It would not, therefore, be an alternating standard of values, but a double standard.

Aside from free coinage of both metals, is any legislation looking to the maintenance of the parity necessary?

No. Any legislative enactment providing for maintaining a parity between the two metals would defeat the object and purpose of bimetallism. It would give us a single standard of values instead of a double one. The very essence of bimetallism is that it gives the

debtor the choice of using either of the metals in making payments. Selfish considerations will prompt him to use the cheaper; and the increased demand thus given for the cheaper metal and decreased demand for the dearer one are the potent factors in maintaining a parity. To give the creditor the right of choosing the money of payment would lead to the invariable use of the dearer. This would cause the metals to separate widely in commercial value, and make legislation for maintaining a parity necessary. But it is not bimetallism, but monometallism that gives the creditor this choice. Bimetallism, therefore, has nothing to do with the word "parity." That is a word which belongs exclusively to monometallism.

Prior to 1878 France, the United States and some other leading nations were bimetallic, and none of them found any legislation necessary to maintain the parity. For over two hundred years under bimetallism the commercial ratio between silver and gold only diverged about two points. Theoretically the free coinage of both metals on equal terms should maintain them approximately at a parity; practically this was thus tried in the past and found to do so. It was only after bimetallism had been surreptitiously overthrown by the machinations of the creditor class that this whole doctrine of the parity was invented by the enemies of bimetallism as an excuse and subterfuge for maintaining the single instead of restoring the double standard.

Would the claim that the two metals did not have concurrent circulation, if true, be a valid argument to prove that bimetallism was a failure?

No. Professor Bonamy Price says the office of money is to take property to market. Evidently it will do this whether one or both metals are circulating. Under

bimetallism the charge which one metal makes for rendering the service will be less for the reason that the other stands ready to perform it. It will be the same in effect as two competing lines of railroads between the same points. The one may never carry any passengers or freight, but the fare and rates on the other will be less by reason of its existence. The question of the concurrent circulation of both metals is irrelevant. If either becomes too high priced, the other will come in and take its place. Or to put it differently, where only one metal is actually in general use, the fact that the other is legally available is important as tending to give bimetallic prices.

The question is not one of concurrent circulation, but of *prices*. It is no argument against bimetallism to allege that under it the French circulation was mostly silver and ours mostly gold. The real question is, Did it maintain silver and gold at an approximate parity? If it did, it gave both nations bimetallic prices. This is the vital point. All others are irrelevant and have no place in the discussion. They simply obscure the subject by leading people away from the point at issue. Even had France coined and used all silver and we nothing but gold, which is not true, it would be no argument against bimetallism if the approximate parity of the metals was maintained. No sensible man cares which metal was used in either country, providing the prices were the same. It was not the metal in itself that was desired, but a fixed and unvariable standard to measure values. If bimetallism allowed silver and gold to depart widely in price, then it failed; but it did not do so. It held the two metals closely together and hence gave a system of bimetallic prices. Having been thus tried in actual experience and proven a suc-

cess by the maintenance of the double standard, there was no reason for its abandonment and there is the best of reasons why it should be restored.

THE MONETARY UNIT PRIOR TO 1878.

WHEN was our first monetary unit adopted and what was that unit?

In one sense our first monetary unit may be said to have never been devised, but grew. In other words, it was not the creation of legislation, but arose from acceptance and use. Prior to the revolutions that resulted in the independence of her American colonies, Spain owned all the rich silver mines in the world; consequently the greater portion of the precious metals went directly to her mints, and through her commerce the Spanish coins were circulated nearly everywhere. Thus they came into use in the colonies which have since become the United States. Among these the Spanish milled dollar of eight reals, prior to any legal enactment, became by general acceptance the unit for the measurement of values.

What was the first legal recognition of this fact?

The provision for Continental money. A \$5 bill of this read as follows:

"This note entitles the bearer to receive five Spanish milled dollars, or the value thereof in gold or silver, according to the resolution of Congress of the 10th of May, 1775."

After the adoption of the constitution how was the value of that unit determined?

Hamilton, the first secretary of the treasury, caused a number of these Spanish milled dollars to be assayed

and found that each contained $371\frac{1}{2}$ grains of pure silver.

Then was our dollar in existence prior to 1792?

Yes. Only it was coined by Spain. With the exception of copper coins in some states and a few silver coins stamped in Massachusetts, all our metallic money was of foreign mintage. Another exception was the provision of Congress in 1786 for the coinage of two gold coins, the eagle and half-eagle; and of four silver coins, the dollar, half-dollar, the double dime and the dime. As no mint was established, this provision was a dead letter and all our coins were virtually foreign. However, long before 1792 and prior to 1775, and even under British rule, the accounts of the colonies had been kept in dollars and the Spanish-milled dollar was the unit to measure such accounts.

Then did not Congress create our dollar in 1792?

No. As the first act under the constitution relating to money, it legalized what already existed. It did not establish a new unit, but recognized the old. It made the Spanish milled dollar the unit or standard of values, because that dollar had already established itself among the people, and any deviation from it would have revolutionized the business of the country. For this reason Congress, in establishing the mint, provided for the coinage of dollars exactly like it. It had been assayed, and they put into our dollars the same amount of pure silver which it had been found to contain. The thing that Congress in 1792 really did, as affecting the standard, was to provide that from that time on the dollars should be coined by this country instead of by Spain.

What was the phraseology of the act of April 2, 1792, in regard to the coins to be struck?

"Sec. 9. That there shall be from time to time struck and coined at the said mint, coins of gold, silver and copper, of the following denominations, values and descriptions, viz., **EAGLES**—Each to be of the value of ten dollars or units, and to contain $247\frac{1}{2}$ grains of pure, or 270 grains of standard gold. **HALF EAGLES**—Each to be of the value of five dollars, and to contain $123\frac{1}{2}$ grains of pure, or 135 grains of standard gold. **QUARTER EAGLES**—Each to be of the value of two and a half dollars, and to contain $61\frac{1}{2}$ grains of pure, or $67\frac{1}{2}$ grains of standard gold. **DOLLARS OR UNITS**—Each to be of the value of a Spanish milled dollar as the same is now current, and to contain $371\frac{1}{2}$ grains of pure, or 416 grains of standard silver. **HALF DOLLARS**—Each to be of half the value of the dollar or unit and to contain $185\frac{1}{2}$ grains of pure, or 208 grains of standard silver. **QUARTER DOLLARS**—Each to be one-fourth the value of the dollar or unit, and to contain $92\frac{1}{8}$ grains of pure, or 104 grains of standard silver. **DISMES**—each to be of the value of one-tenth of a dollar or unit, and to contain $37\frac{1}{2}$ grains of pure, or $41\frac{3}{8}$ grains of standard silver. **HALF DISMES**—Each to be of the value of one-twentieth of a dollar, and to contain $18\frac{3}{8}$ grains of pure, or $20\frac{1}{2}$ grains of standard silver. **CENTS**—Each to be of the value of the one-hundredth part of a dollar, and to contain eleven pennyweights of copper. **HALF CENTS**—Each to be of the value of half a cent, and to contain $5\frac{1}{2}$ pennyweights of copper.

"Sec. 11. That the proportional value of gold and silver in all coins which shall by law be current as money within the United States, shall be as fifteen to one, according to quantity in weight, of pure gold or pure silver; that is to say, every fifteen pounds weight of pure silver shall be of equal value in all payments with

one pound weight of pure gold, and so in proportion as to any greater or less quantities of the respective metals.

"Sec. 20. That the money of account of the United States shall be expressed in dollars or units, dimes or tenths, cents or hundredths and mills or thousandths, a dime being the tenth part of a dollar, a cent the hundredth part of a dollar, a mill the thousandth part of a dollar, and that all accounts in the public offices and all proceedings in the courts of the United States shall be kept and had in conformity to this regulation."

Whoever reads the above will be impressed with the fact that in the last section the dollar or unit is made the basis of the system and the eagle and its subdivisions are not even mentioned. In the next place every coin except the half cent has its value compared to the dollar. *This was to be of silver. There was no provision for the coinage of a gold dollar.*

The first gold dollars were coined in 1849. The act passed on March of that year authorizing their coinage contained the words, "each to be of the value of one dollar or unit." They were thus, like the eagles, half eagles and quarter eagles of 1792, and double eagles of 1849, to be the equivalent in value of the dollar or unit. In other words, they were to be legally worth $371\frac{1}{2}$ grains of pure silver.

Gold advocates contend that gold was as much a unit as silver in the act of 1792. They claim that "the dollar or unit was an abstract and not a concrete thing." They say that its coinage was unnecessary, as we can "imagine the gold unit" as well as to see the dollar itself. To this sort of reasoning it may be replied that the silver men find their unit in the law and in the product struck from the mint; the gold advocates evolve

theirs from the imagination. The one dollar was a reality, the other an intangible abstraction which no man of that early age ever saw. The silver dollar came from the mint by authorization of Congress, was seen, handled, and used in business; the gold dollar was the creation of fancy, had no existence and could only be conceived of as an unreal abstraction. It is certainly far-fetched to claim that this imaginary gold dollar, the one with the name and no existence, was as much designed to be a unit in our financial system as the silver dollar which was stamped and made a concrete, visible reality for eighty-one years after the enactment.

The gold dollar as the unit of value was born in 1873. The act providing for its birth declared "That the gold coins of the United States shall be a one-dollar piece, which, at the standard weight of twenty-five and eight-tenth grains, shall be the unit of value." This shows the change. If the gold dollar was already a unit, why did Congress find it necessary to enact that it "*shall be the unit of value?*" That Congress also did not believe in an imaginary unit and hence provided for the coinage of gold dollars. Hitherto the gold dollars were to be equal in value to the silver unit; now that they were made the unit their coinage was desirable in order that the unit might have a concrete existence for comparison with other values, if desired.

In 1775 Congress virtually adopted the Spanish milled dollar as the unit to measure values and as the standard of accounts; in 1792, in the act already given, they formally provided that the same dollar, or rather its equivalent, a coin struck under their direction and identical with it in containing $371\frac{1}{4}$ grains of pure silver, should still be the unit. If any doubt existed as to the intention of our forefathers, it ought to be set-

tled by the fact that they did not provide for the coinage of any gold dollars. The plain reading of the statute, the failure to provide a gold dollar, and the fact that the silver dollars of 1799 had the words "United States Dollar or Unit" stamped upon them, conjoined with the history that led to the enactment, ought, it would seem, to leave no doubt as to the intent of that early Congress to retain the silver dollar and make it the basis or unit of our financial system.

That such was the intent is confirmed by still stronger evidence. Feb. 9, 1793, Congress passed an act to the effect that after three years all foreign coins, except the Spanish milled dollar and parts of such dollar, should cease to be legal tender. March 2, 1799, to regulate the value of foreign coins Congress enacted that the Spanish milled dollar should be receivable for customs duties at 100 cents, the silver rix-dollar of Denmark was also rated at 100 cents; but all other foreign coins were given a special rating. In the case of the foreign gold coins they were not to be accepted for what they would make if taken to the mint and converted into our money. For example, the pound sterling of Great Britain contains 113,001 grains of pure gold. The metal in it at that time would therefore have made \$4.57 in our gold money, and yet it was rated at \$4.44 $\frac{1}{2}$. A similar rating was found in the act of 1789, and this continued as the governmental value until 1873. How was this value for the pound obtained? The Spanish milled or pillar dollar began to circulate in Massachusetts about 1655. Though not recoined and not a legal-tender, this dollar or piece of eight gained acceptance at 4s. 6d. sterling in circulation. Later, when accounts began to be kept in dollars, this made the English pound worth \$4.44 $\frac{1}{2}$ in

Spanish milled dollars. Hence it is probable that the value of the pound was obtained by retaining this colonial rating, or, differently stated, foreign gold was accepted at its value in silver dollars. This rating being thus fixed, it should not have been changed while we retained the silver unit, but on any other supposition it should have been changed in 1834. However, the important point is that in 1799 foreign silver coins were rated at their coinage value, while foreign gold coins were not.

Still further, the history of that early coinage act was still fresh in 1834, and doubtless some of the men who helped frame it were still living. In that year Congress changed the quantity of gold in the gold coins. The silver dollar, being the unit, was left untouched. Just the reason for this change does not appear clear. Silver and gold had diverged in narrow limits which reached their maximum in 1818, when the commercial ratio was 16.25 to 1 between the metals. In 1834 it was 15.73 to 1. However, the reason for the change is a matter of small moment. The important point to note is that the silver coins were left untouched, and the change was made in the gold.

Again in 1837 our coinage was remodeled. This time the gold coin was increased by the two-hundredth of a grain. The mint laws were revised so as to make the gold and silver coins both nine-tenths, or nine per cent pure metal to one of alloy. The same fact is here noted. The same amount of pure metal in the silver coins on which their value would depend was retained, but the gold coins were given an addition. The law has thus been interpreted by the legislative body of the nation, and four of the earlier Congresses have declared by their action that the intent was to make the silver dollar the unit for the measurement of values.

In addition to all this, even as late as 1843, as if to show their preference for silver, Congress enacted that certain foreign silver coins should be a legal-tender by tale, while foreign gold coins were only made a legal tender by weight. The law was thus again indirectly construed by Congress, and every action of that body touching our money is only consistent with and explicable upon the belief that they intended silver to be the unit or basis of our financial system.

Aside from the historic fact, what importance attaches to this question of unit?

It indicates, in case any change was made in the ratio, which metal should be changed. Silver having been adopted as the unit of value and gold as a companion metal, the change should have been in the latter. This was twice recognized by Congress when the gold coins were changed and the pure silver in the unit was left undisturbed.

Under free coinage of the two metals, what was the practical effect so far as the unit was concerned?

At that time the law of bimetallism was not fully understood. True, it had shown its potency wherever given a chance by the coinage of two metals of maintaining a parity, but the working of the law was not fully recognized until France, from 1803 to 1873, had held the two metals practically together. Consequently it did not matter what our forefathers adopted as the unit; they had, in providing for the free coinage of both silver and gold, made it impossible to fully maintain the silver unit. The question, therefore, is of interest only as a historic fact, and as indicating how changes should be made. Practically we had a bimetallic though legally we had a silver unit.

Nor did we always have that. Unfortunately there

never was a time when the amount of gold and silver coined was sufficient to meet all the demands of business. Partly to compensate for this deficiency and partly by reason of unwise legislation, a system of state banks sprang into existence and issued large volumes of paper, much of which was the worst possible substitute for money. The people who remember this state bank circulation and how men were robbed by accepting and doing business with something as money which was often at a discount and which often, like dead sea apples, turned to ashes in their grasp, can readily understand why the country made no greater progress than it did. Cursed as we were with this paper to take the place of money, the only wonder is that the country progressed at all. From the use of such bank bills it often happened that our prices were bimetallic, modified more or less by the paper in circulation.

With the war came the greenbacks and the country went to a greenback basis. Though at a discount, this was a big improvement on the previous paper circulation, because its depreciation was uniform and a dollar was just as good in one part of the country as another. But the amount issued, being in excess of the demands of business, and the discrimination against it which made it non-receivable for dues to the government and interest on the public debt, with possibly some doubt as to its redemption, caused its depreciation and that was objectionable. Had not such causes operated and modified them, we would have had bimetallic prices. This would have been the legitimate sequence of the law of 1792. As the state banks had been legislated out of existence, we would, on the resumption of specie payment, have had bimetallic prices had it not been for the demonetization of the white metal in 1873. As it

was, silver was the legal unit or measure of values up to 1878, though practically the unit was bimetallic and sometimes modified by the issues of paper circulation.

However, the modification was not so great as might at first appear. Up to 1878 France, by her system of coinage, had maintained silver and gold at an approximate parity. No matter, therefore, which metal was circulating in any country, the nations of the world in their commerce with each other had bimetallic prices. The goods that we bought of England and the products we sent her, were reckoned in gold, but that was on a parity with silver. It was so in all our dealings with outside nations. The goods that we bought of or sold to them, were rated in bimetallic prices and these largely served to fix the prices in this country. Consequently, although silver was the legal unit, the actual prices were fixed by French bimetallicism, and as given to the public were really bimetallic prices translated into the currency in which the business of the country was conducted.

Incidentally this suggests a common error. Many well-informed men claim that, as we were on a greenback basis, the demonetization of silver had no effect upon prices in this country prior to the resumption of specie payment. This is incorrect. Our surplus products are marketed in the old world. The price is fixed by the money in use there. When silver was demonetized they were gauged at once by the gold standard. These old world prices reacted upon and modified those in this country. Instead, therefore, of not having our prices affected until 1879, the effect was immediate upon the striking down of silver. The same consideration suggests another fact. Of all our agricultural products wheat and cotton have suffered the most. There

are two reasons for this. Demonetization enabled England to bring cheap purchases from silver-using countries into competition with them; and also because a larger proportion of them than of any other crops are marketed abroad. Nearly one-half of our wheat crop and more than half of our cotton are exported. Consequently demonetization has depressed the price of those great staples more than any other farm products, and therefore they are the most appropriate examples that can be chosen for tracing its effects.

TAMPERING WITH THE PEOPLE'S MONEY.

WHEN did England demonetize silver?

In 1816, after the Napoleonic wars. She was at the time on a paper basis. The Bank of England suspended specie payment in 1797 and did not resume until 1821. During these wars the English national debt had grown from £228,000,000 to £800,000,000, or to nearly four billion dollars. The effect of the demonetization of one of the precious metals enhanced the value of the debt.

Which was the next nation to demonetize silver?

The United States of America. The circumstances were similar to those in England. It was after a great war, we were on a greenback basis and had burdened ourselves with an enormous national debt.

When did Germany demonetize the white metal?

Germany had demonetized gold in 1857. In 1871 she remonetized the yellow metal, and in July, 1873, she demonetized silver. She had just exacted a war indemnity of a billion dollars in gold from France. It may have been through a desire to make the conditions imposed on her vanquished foe more grievous, but at the same time it injured the people of Germany by enhancing the value of her large public debt and also by its effect upon private debts. France and other countries followed Germany, but we preceded her, having demonetized silver in February, 1873.

In what did the demonetization of silver in this country consist?

A law was passed ostensibly "revising and amending the laws relative to the Mints, Assay Offices and Coinage of the United States," which dropped the standard silver dollar from the list of our coins and made gold the legal unit or standard of value. Later, in 1874, to demonetize the existing coin, under an act ostensibly to codify the statutes it was enacted that "the silver coin of the United States shall be a legal-tender at their nominal value for any amount not exceeding five dollars in any one payment."

What effect did this have upon the national debt?

It made that debt payable in gold.

Upon what terms had that debt been contracted?

The entire principal, except \$275,000,000, was payable in lawful money. On a portion of it the government agreed to pay the *interest* in coin, but on only \$275,000,000 was there any such stipulation in regard to the principal. In many of the acts authorizing the loans it was expressly stated that they were payable in lawful money. In the act of March 3, 1865, two rates of interest were provided, *6 per cent in coin, or 7 3-10 per cent* "when not payable in coin," and yet the \$530,000,000 issued under this act were all taken at the latter rate.

Were not the money-lenders very patriotic in loaning money to the government?

Appleton's Cyclopædia for 1861, page 292, says they offered to make loans to the government at from 24 to 36 per cent interest. Secretary Chase says about 30 per cent. The money they offered at the opening of the war to loan at these exorbitant rates was not gold and silver, but the credit of the banks. In other words, these "patriotic" money kings of Wall Street graciously offered to loan the government bank notes so that they

might draw interest upon their debts, and about 30 per cent was what these "patriotic" gentlemen asked for this gracious boon.

How did the government secure money?

It borrowed some and issued what was known as demand notes. These were a treasury note issued in 1861. Though not a legal-tender, they were used to pay the soldiers and other government creditors. They were made a legal-tender March 17, 1862. Prior to that time they floated at virtual par because the government was willing to receive them for all dues. There was no exception clause to their legal-tender power, and they did not depreciate as the greenbacks did during the war.

Did not Congress propose to make the greenbacks a full legal-tender?

The house of representatives passed the bill making them so, but the senate dissented and the bill, as it became a law, was the result of a conference. Four days after the introduction of the bill a bankers' gathering was held in Washington to lobby against the legal-tender provision.

Why would money-lenders naturally be opposed to making the greenbacks full legal-tender?

They had hoarded gold to secure exorbitant rates. Had the greenbacks been made a full legal-tender, nobody would have wanted their gold. Everything that gold could do the greenbacks could then have done, and no one would have paid a premium for it. The exception clause on the greenback was necessary to enable them to depreciate it and to make a market for the money-lenders' gold. Without this, specie would have been no better than government paper.

As grand old Thad. Stevens said when he reported the bill back from conference:

"Mr. Speaker, after months of careful preparation we had perfected a bill that would help the country. . . . But a doleful sound came up from the saloons of the associated banks and the caverns of the bullion brokers, and they prevailed upon the senate, with but little consideration, to mutilate and destroy what it had taken us months to prepare and perfect, and the bill which was originally beneficial is now absolutely pernicious, because it creates two kinds of money—one for the people and one for the bond-holder."

What kind of money did the government borrow from the money-lenders?

Greenbacks and bank bills or any kind which they had. As a rule the money-lenders did not loan the government gold, but bought its bonds with the currency of the country. This was at a discount, so that at one time a \$100 bond could be bought with \$34 in gold.

About what had the bonds really cost the bond-holders?

The exact amount I have no means of giving, but the following table, computed as nearly as possible from the government figures at hand, is a close approximation to the truth:

Year.	Bonds issued.	Gold Cost.
1861.....	\$ 18,415,000	\$ 16,400,000
1862.....	58,506,731	42,000,000
1863.....	175,108,621	111,000,000
1864.....	424,543,734	211,000,000
1865.....	303,123,075	207,000,000
1866.....	122,510,635	87,000,000
1867.....	401,987,600	293,000,000
1868.....	432,476,246	318,000,000
1869.....	63,512,565	51,000,000
Total.....	\$2,000,184,207	\$1,336,400,000

Excess of bonds over gold cost \$663,784,207.

Two facts are patent from this table, one the large amount of bonds issued over and above the cost in gold and the other the fact that most of our bonds were issued after the close of the war. Certainly this does not indicate wonderful patriotism, to thus loan the government after the war was over, and it does indicate \$663,000,000 taken from the people and presented to the bond-holders.

However, this does not tell the whole truth. The act establishing the national banks gave still richer returns to the bond-holders. This enabled a man when he purchased bonds to join with others, who had \$50,000 or more, in starting a national bank. To such a corporation the government returned 90 per cent of the amount loaned in the shape of national bank bills. In other words, it allowed them to circulate 90 per cent of as many bills as they had bonds on deposit. This gave us a safe circulation, because the faith of our government was pledged to redeem these bills in greenbacks, but let us see what advantage it gave the money-lender. When gold was \$2.50 premium a man with \$40,000 in specie could exchange this for greenbacks. With these he could purchase \$100,000 in bonds. By starting a national bank he would receive back \$90,000 in bills. These he could exchange for greenbacks and with these buy \$90,000 in bonds on which the government would allow him \$81,000 circulation. In this way he could again buy \$81,000 bonds and receive \$72,900 more circulation. This might be repeated until his money was exhausted, or reduced to infinity. How much could he buy in all? The series of purchases are in a descending geometrical progression, with nine-tenths as the ratio. According to mathematics the sum of such a

series is equal to the original amount divided by one minus the ratio, or, as expressed in algebra, $S = \frac{a}{1-r}$. This gives $\$ \frac{100,000}{1-.9}$ or \$1,000,000 as the amount of bonds under the national banking system which could be purchased with \$100,000 in greenbacks, or what was its equivalent, \$40,000 in specie. Even at one time this might have been increased, as \$35,000 in coin would buy \$100,000 in greenbacks.

That the banks would have to take care of their circulation is true. This apparently would prevent them investing to this extent in bond purchases. However, this is a more apparent than real difficulty, as no banker could meet all his obligations if presented at one time, and the deposits in the banking business would probably enable him to care for his circulation.

Aside from this comes the question of interest on the bonds. This was 6 per cent in coin, payable semi-annually. But when gold was \$2.85 and a certain amount of it had accumulated in the treasury, there was an opportunity which the bankers could not lose. A law must be enacted to give them the use of this specie. Accordingly March 17, 1864, Congress enacted, "That the Secretary of the Treasury be authorized to anticipate the interest on the public debt, by any period not exceeding one year, from time to time either with or without rebate of interest upon the coupons as to him may seem expedient, and he is hereby authorized to dispose of any gold in the treasury of the United States not necessary for the payment of interest on the public debt."

Here was a brilliant piece of financiering. The money dealer who had traded his \$40,000 of gold for \$100,000, and with that under the national banking system bought \$1,000,000 in bonds, could now say to

the secretary, "My dear sir, the law authorizes you to pay one year's interest in advance and I wish you to do so on these bonds." The secretary complies and hands him out \$60,000 in gold as his advance interest. A few days ago the money dealer had \$40,000 in gold. He now has \$60,000 in the same coin or 150 per cent interest, and in addition \$1,000,000 in bonds, less only the one per cent tax he would have to pay on his circulation. In other words, the government has made him a present of the bonds and paid him \$20,000 in gold for accepting the gift. This was financiering, but the ridiculousness of the whole transaction is only apparent when it is remembered that the government of the United States was at the time striving in every way to borrow money, and yet here was our Congress passing a law not only to advance interest to its creditors but to sell gold.

This advance interest would help the banker to take care of his circulation, or perhaps enable him to increase his bond investment; but the government did still better by him. It made some of these banks public depositories. In this way it deposited with them the national funds. The favored banks would soon discover that there was scarcely ever less than a million dollars of government deposits in their vaults. They would not wish to see this amount lie idle and would use it to their own advantage. They might even utilize it to buy bonds. In this case a bank would simply loan the government \$1,000,000 of the government's own money and receive \$60,000 in gold as interest on the same. That the bank might be caught and unable to meet the demand in case this money was called for is true, but the banking business depends on taking such chances and the banks of this country could not meet their obligations if the depositors should demand their money.

When were the bonds made payable in coin?

An attempt to make them payable in gold in 1867 proved abortive. However, in 1869, under the heading, "An Act to Strengthen the Public Credit," Congress made all obligations of the United States, not otherwise expressly stipulated, payable in coin, and the following year the refunding act made it possible for the holders to convert all our public debt into a coin-payable obligation.

If the government was thus liberal with its bondholders, was it equally liberal with its musket-holders?

On the contrary, it enlisted many of the soldiers with the understanding that they were to be paid in specie, and then paid them in greenbacks. It is probable that at least \$2,000,000,000 of our war expenses went to pay the men who faced death to preserve the Union. If so, the soldiers lost fully as much by the depreciation of the greenbacks as the bondholders gained. Individually each soldier, who served through the war, lost about \$300. Those who served a shorter period would of course lose less. Had this amount been placed at compound interest at 8 per cent to the present time it would amount to over \$3,000. Consequently, were this nation to grant a service pension of \$12 per month to all the surviving veterans of that war, it would only be giving to each one about five per cent interest on what it took from him by laws that depreciated the money in which he was paid. If they were to legislate in his favor as they did for the bondholders, even this amount would be made many times greater. Instead of passing "An Act to Strengthen the Public Credit" for the benefit of its soldiers, the government failed to keep its understood contract with its defenders. The American people are proud of their

pension roll and see in this and in the soldier homes the evidence of their liberality towards the heroes who periled life that the nation might live, but had our Congress been as liberal in paying them as it was its bond-holders, its battle-scarred veterans would not now need pensions, and instead of filling soldiers' homes would be living in homes of their own surrounded by their families in opulence. In the standard set by the American Congress flesh and blood are less sacred than money, and life and limb less precious than pots of gold.

What was the next enactment to enhance the bond-holders' holdings?

The demonetization of silver in 1873. This made the debt payable in gold. The law for the resumption of specie payment passed in January, 1875, the actual resumption occurred in 1879, and the bond-holders then had the benefit of the enhanced price of the dollar.

Was the passage of the bill demonetizing silver open or by indirect methods?

On this point much has been written. On one side it is claimed that the bill was prepared by the comptroller of the currency and passed through the secretary of the treasury's hands on its way to the senate, that it was introduced into Congress in 1870, printed thirteen times, thoroughly debated and its provisions all understood, that the debates on this subject occupy 114 columns in the Congressional Globe and that after three years it finally became a law February 12, 1873.

On the other hand it is claimed that the bill never was read, that the members were deceived by the title and did not understand for a long time afterward that it changed our monetary unit, and that the President who signed it would have vetoed the measure had he

known it demonetized silver. In other words, the bill was sneaked through Congress and the executive mansion.

Between these claims certain facts stand out with striking prominence.

1. There was nothing in the condition of the country calling for any legislation on the subject. We were not using either metal except on the Pacific coast. The business of the country was on a greenback basis. As a consequence the people would not be watchful over proposed changes in their monetary unit of ultimate redemption which was not in use, and this financial condition afforded such an opportunity as men are accustomed to seize who wish to do things by indirection.

2. There was a powerful motive for the action in the condition of our public debt. Prior to that time this had been all made payable in coin. The demonetization of either metal would greatly enhance the value of that debt. That the people, who had it to pay, would not assent to such enhancement, if they understood it, was obvious, and hence there was a motive for secrecy.

3. The title of the bill was deceptive. It purported to be a bill relating to the harmless details and regulations of the mint, and not to a radical change in our monetary unit. This in itself is a strong presumption of doing by indirection what could not be accomplished openly.

4. It is claimed that the press of the country failed to notice the bill. The writer knows that as a reader his attention was not directed to any such notice, as it would have been had the press given it the attention which the seriousness of the proposed change demanded. The failure of those who claim that the bill passed openly

to quote from the press of that day some of the many editorials for and against it which would have been published were their statement true, is a confession that it was a surreptitiously passed enactment. It is the duty of the newspapers when a revolution of any kind is impending, to warn the people, but in this case it seems that they utterly failed to do so. Here was a measure that revolutionized the financial system of this country, and yet it appears to have crept through Congress so covertly that the reporters, who are the most vigilant of all men in scenting news items, did not detect its importance.

5. The general belief of the people has been that the measure passed secretly. Had it been given proper notice in the press, there could not have been so many led to accept the statement of secrecy as true. The popular demand that was heard for the dollar of our fathers after the discovery, shows the storm of opposition the bill would have encountered had its character been known. Is it not a suspicious circumstance that this belief in the bill being covertly passed has been so long generally accepted and that its positive denial is so recent? It looks as if the record dared not be appealed to for the purpose of contradicting the assertion about the clandestine passage of the bill while the facts were still fresh in the memory of men who helped make that record.

6. That President Grant did not know the bill demonetized silver is evidenced by a letter of his eight months after its passage to Mr. Cowdry, published on pages 134 and 135 of "McPherson's Handbook of Politics for 1874." That he would not have signed it, had he been aware of this provision, is shown by his letter published in chapter XXXIX., Vol. II., of the Memoirs

of Thurlow Weed. The American people can have but one honest opinion of the openness of any legislation of which the main feature is covered in such a way as to escape the Presidential veto.

7. Granting for the sake of the argument all that has been claimed about the record, yet the fact remains that Congress as a body did not know that it demonetized the silver dollar and changed the legal unit of value. That this is true is attested by the positive statements of such men as Senators Conkling, Beck, Thurman, Howe, Allison and Rerford, and Representatives Blaine, Garfield, Bright, Voorhees, Burchard, Holman and Kelly. These men, as leaders in both houses, would have known the character of any bill openly presented, and yet they have all gone on record in the most positive and unequivocal terms to the effect that they did not know until some time afterwards that the measure demonetized the white metal. These are men, both senators and representatives, whose veracity would not be questioned, and when in subsequent speeches they stated that this feature of the bill was passed without their knowledge, their positive statements will far outweigh any record which might have been tampered with under a "leave to print."

However, there seems good reason for believing that Congress intended to change our coinage so as to conform to the French ratio; in other words, that a silver dollar of less weight was to be coined in place of the one which had been the standard, and that this was to be given free coinage. This was a scientific position, and such a dollar was actually in the bill, but was dropped from it in a manner that no one seems able or willing to explain.

Considering all the evidences, the conclusion appears

to be irresistible that the bill, as it finally became a law, was passed through both houses of Congress by methods that were far from creditable. The vote in the lower house of 110 to 13 out of a total of 248 members, less than a quorum, indicates that an opportunity was seized and the bill put on its passage when a large number of members were absent. Everything relating to its passage points to but one conclusion; and that is that the measure was part of a deep-laid scheme to increase the holdings of the bond-holders, and that it was made a law by surreptitious methods, because the men behind it knew that, if openly presented, it would be defeated.

How much metallic money did our country have in 1873?

The Statistical Abstract of the United States for 1894, page 27, gives the amount of gold and silver in circulation in the country as \$25,000,000. The banks also had about \$75,000,000. In other words, our nation had scarcely any metallic money. In a recent article in the New York *Tribune*, Hon. R. G. Horr expressed the opinion that the high character of the American Congress would preclude the possibility of any of its members having been bribed to pass the demonetization of silver bill, but said nothing as to the folly of adopting a gold standard when we had comparatively no gold. The writer will submit to the American people as to which is the greater reflection on that *salary-grab* Congress, the belief that a few of its members were bribed to pass unjust legislation, or that the whole body were so destitute of intelligence that, with their eyes wide open as to what they were doing, they passed an act to place this country on a single gold standard when the country was virtually without gold.

What have been the results of the demonetization of silver?

It gave us an appreciating standard or measure of values, with all which that involves. This means steadily declining prices, merchants, manufacturers, and farmers forced to sell their products on a falling market, more and more property taken to pay the same amount of debt, the property of debtors to a large extent transferred to creditors, and consequent more or less general demoralization of society. Demonetization has affected the welfare of a larger number of people than any other event in recorded history. No person, unless greatly biased, can assert that the appreciating monetary unit has benefited the great mass of humanity. On the contrary, every intelligent and unprejudiced man knows that it is productive of idleness, want, misery, disappointment, wretchedness and endless loss. With such results, to say that an American Congress deliberately enacted it for the people of this Republic is the strongest indictment of that Congress that could possibly be made.

After the demonetization of silver, what did Congress next do with the white metal?

A panic followed demonetization. There was a clamor among the people for the dollar of their fathers, and in 1878 Congress applied a poultice to soothe the popular unrest by passing the Bland-Allison act.

For what did that provide?

It restored the legal-tender to the standard silver dollars except where the contracts expressly stipulated otherwise, and it provided for the secretary of the treasury purchasing and coining from \$2,000,000 to \$4,000,000 of the white metal every month.

Had such contracts for gold payment previously received legal sanction?

Yes. In California during the war the legislature passed a law which allowed the creditor to choose the money of payment in what was known as the Pacific Contract Act, the object of which was to enable a creditor to enforce gold payment, but the national government had never, by formal enactment, previously given the creditor the right to elect the money of payment.

How long did the Bland-Allison act, or, as it is commonly known, the Bland bill, continue in force?

Until 1890, when it was repealed by the passage of the Sherman law.

What were the chief provisions in the Sherman law?

It required the secretary of the treasury to purchase each month 4,500,000 ounces of silver, and to issue notes for the amount of its price. These notes were to be a legal-tender for all debts. In case these notes were presented for redemption an amount of bullion was to be coined equal to the amount of the notes redeemed. As a matter of fact this latter provision seems to have been treated as a dead-letter, and before the repeal of the law it was violated by the present administration through neglect to purchase the bullion which was mandatory in the statute.

What were the chief defects of the Bland and Sherman bills?

Silver was treated under them as a commodity rather than as a money metal. The coinage was limited. It was a waste of silver. This was for the most part deposited in the vaults at Washington, ostensibly for the purpose of redeeming the paper issued upon it, but when such paper currency was presented it was redeemed in gold. When the silver was coined it became simply the token of a gold dollar. Had the government stamped the same amount of paper or leather, it

would have fulfilled the same purpose. In a proper sense we have not coined a silver dollar since 1873. We have simply stamped a certain amount of that metal as tokens of gold dollars. The only reason for stamping the silver rather than anything else, was apparently either to furnish a market for the mine-owners' product or to humbug the people.

Possibly there was another reason. The Statistical Abstract of the Treasury Department for 1894, page 30, gives the amount of cash in our national treasury on July 1 of each year as follows:

1879.....	\$232,889,748
1880.....	232,546,969
1881.....	292,303,704
1882.....	306,241,300
1883.....	413,184,120
1884.....	461,528,220
1885.....	525,089,721
1886.....	555,859,169
1887.....	582,903,529
1888.....	690,785,079
1889.....	694,989,062
1890.....	714,974,889
1891.....	697,783,368
1892.....	771,252,314
1893.....	726,701,047
1894.....	759,626,073
1895.....	*784,557,424

The largest amount ever found in our national treasury was \$80,839,010 prior to the resumption of specie payment under the gold standard. The large amount of money now there is hoarded from circulation, and useless to the business of the country except so far as there is outstanding paper against it. Even for that

* Taken from Treasury statement.

purpose with our present policy of virtually redeeming everything in gold in order to maintain the parity, everything except the gold is useless. It has cost the nation nearly \$800,000,000. The interest on this amount has been taken from the people. All the government obligations at present bear 4, 4½ and 5 per cent interest. Had the money used for the silver purchases, which constitute the large part of the above, been applied on the bonds, it would have largely reduced the interest which the people are compelled to pay. That it is useless, where it is, is evidenced by the fact that we have recently increased our bonded debt in order to get gold. The American people may well ask what kind of a financial system we have under the gold standard when with \$750,000,000 in the treasury we are issuing new bonds. No man would manage his private business in this manner. He would use the cash on hand to meet his obligations instead of borrowing. However, our national financiers, who know it all, have arranged it so that an immense volume of money and money metals must be kept in the treasury, where the silver is useless, while the nation borrows money to keep the gold there. If this is not a scheme to compel the people to pay interest on something which does them no good, what is it?

When was the next tampering with our money done?

In November, 1893, the Sherman law was repealed. The country was at the time in the midst of a panic, and the effect of the repeal was to restrict the volume of money in the country. It would thus prolong the panic and by rendering debtors unable to pay, force them to surrender property to their creditors. It would also have a tendency to enhance the price of the dollar.

Was any objection made to receiving and using the money issued under the Bland act?

Yes. The banks in New York City entered into a combination to boycott it. They adopted a rule not to use the certificates in payment of differences between banks, and not to use the coined silver for such purposes in amounts exceeding five dollars. They would accept both the silver and silver certificates on deposits, but by paying them to importers they would be turned back to the government for customs duties. Even the certificates issued in California were sent as soon as obtained by the banks there to New York City, where there was a large volume of importing, and thus turned back into the government treasury. Later the banks of Boston and Philadelphia followed the New York banks in thus trying to force this currency out of circulation. The silver certificates were satisfactory to the people and hence the treasury officials marveled at their speedy return. Finally when there was a demand for money to be moved West, they hit upon the expedient of offering orders on the subtreasuries there for silver certificates in return for gold deposited in New York City. This saved the cost of transportation to the banks. Thus the government of the United States was virtually obliged to pay the banks for permitting its money to circulate. Since that time they have come into general use and obtained as large, if not the largest, proportional circulation of any currency ever issued by the government.

However, the coined silver in our treasury has reached as large a use as the law permits. In response to a resolution of inquiry from the senate, Secretary Carlisle, Aug. 17, 1893, said:

"I have to say that recently gold coin has been presented to an office of this department and silver dollars asked in exchange therefor, and that the exchange was

not made for the reason that all the silver dollars in the Treasury at the time were required under the provisions of the laws relating to the currency to be held in the treasury to cover outstanding silver certificates and treasury notes issued under the act of July 14, 1890. At present the department would not and could not exchange silver dollars for gold coin if requested to do so by holders of gold for the same reason; but if the conditions of the funds of the treasury were such as to afford a margin of silver dollars in excess of silver certificates and treasury notes outstanding, such exchanges would be made."

In the above quotation the secretary plainly states first, that the government will not give a person silver dollars in exchange for gold, and second, that the silver in our national treasury is held by law and not because the people are unwilling to take and use it. The absurdity of thus hoarding this volume of money metal ought to be apparent. Every dollar's worth of property in this country is responsible for all the paper money our government has in circulation. The silver is not even a part of the money of final redemption. That is gold. Hence the silver is useless there, and the absurdity of our financial system consists in making our outstanding paper, which should be redeemable in all commodities, redeemable in only one commodity, and that one is gold.

Whoever has kept track of the trend of monetary legislation in this country must be impressed with the fact that the tampering with our money, which began in 1873 and has been witnessed at intervals closing with 1893, has not yet reached its ultimate end. The spirit of greed is still abroad in the land. There is the same motive to get rid of the silver now coined and in the national vaults that there was to destroy our silver money in 1873. Al-

ready the indications of that design are heard in the land in the argument of how much the government has lost by its silver purchases. If the government is going to coin and use that silver as money, then it has gained and not lost on these purchases. For monetary purposes the silver is worth more than the government paid.

The only chance for any loss is by selling the silver, and it is only because these gentlemen expect some day to be powerful enough in legislation to force its sale that they are bewailing the loss which the government has incurred in its silver purchases. On any other supposition there has been no such thing as loss, but positive gain, and therefore the argument has no force whatever, save as exhibiting the design to sell the silver and deprive us of all metallic money except gold.

But this is not all. The plans for the degradation of our financial system have been disclosed in propositions to withdraw the greenbacks and revive that system of state banking under which our people were robbed and progress prevented before the war. Evil as that system then was, it was as nothing to what it might now become. The concentration of wealth in the hands of the few gives opportunity for wholesale robbery under such a system such as did not exist prior to 1860.

Were the men who have been responsible for all the tampering with our money since 1873 disposed to permit our financial system to remain what it now is, the condition might in time become endurable, but such is not the case. The quiet submission to what has already been done will embolden them to do more in the future. When they do, the people will be given no more chance to vote upon it than they were in 1873. The money tamperers do not believe in trusting the people. With

them the *vox populi* is not the *vox dei*. Far from it. They know too well that the people are not the men who outrage economic laws and overturn the long existing and equitable financial conditions to give the pampered few a chance to grow wealthy at the expense of the toiling masses. For this reason the money tamperers never take the people into their councils. Their purposes are never openly avowed, but silently are set in operation the agencies adapted to secure their ends. What these agencies may be cannot be told. It may be a panic to which false causes are assigned, or it may be in more insidious and enticing means. The object is plain. Legislation to enhance the dollar is as much the desire of the money tamperers now as it was in 1873. In other words, the transfer of the property to the creditor class and legislation to that end may be expected from those who gamble in the life-blood of commerce. This renders decisive action necessary. There is no middle ground. The money tamperers will not accept and faithfully abide by any compromise. It is either free coinage or a money changed whenever their followers can control Congress. In such a contest no one should hesitate. Right is right. Justice should be done. The dollars of our fathers should be restored and the money tamperers be thus given to understand that, though they have gone so far, yet back they shall go; and that henceforth the American freemen will not submit to being despoiled by the cunning machinations of those who do not toil, but seek to appropriate to themselves the property produced by those who do.

Note.—Those wishing to pursue further the iniquity of our congressional legislation will do well to consult a little 10-cent book entitled "Seven Financial Conspiracies," by Mrs. S. E. V. Emery, Lansing, Mich., and a 25-cent work, "Shylock," by Gordon Clark of Washington, D. C.

DEMONETIZATION AND THE NATIONAL DEBT.

Was the coinage under the Bland and Sherman laws of any benefit to the country?

Certainly, but nothing like what would have resulted from free coinage. It benefited the people by giving us a larger amount of circulating media, but the dollar was subject to change in purchasing power with every fluctuation in the price of gold bullion.

What facts can be adduced to show that the increased circulation given by the Bland and Sherman laws benefited the country at all?

One of the best evidences is found in the condition of our national debt. The figures for July 1 for certain years are as follows:

Year.	Outstanding principal.	Principal less cash in the Treasury.	Interest-bearing debt.
1866.....	\$2,773,236,173.69	\$2,636,036,163	\$2,332,331,207
1872.....	2,253,251,328.78	2,149,780,580	1,814,794,100
1878.....	2,256,205,892.53	1,999,382,280	1,794,735,650
1890.....	1,552,140,204.73	890,784,370	725,313,110
1893.....	1,545,985,686.13	838,969,475	585,087,100
1894.....	1,632,253,636 68	899,313,380	635,041,890

Covering as the above figures do the six years prior to demonetization, the six years following it, the twelve years of the Bland law, the three years of the Sherman law and the one year since its repeal, the statistics show that we reduced the outstanding principal of that debt \$519,984,844 from 1866 to 1872. This increased nearly

three million in the next six years, although our population was at that time increasing about a million a year, so that we would have about six million more inhabitants, each of whom was contributing on an average about six dollars per annum to the government. This would give us about thirty-six million a year more revenue, and yet the debt remained nearly stationary, a fact which indicates the benefit to the bond-holders of the "Strengthening of the Public Credit" and demonetization of silver. The debt resumed its decline under the Bland and Sherman laws and again increased after the repeal of the latter, to say nothing of the two issues of bonds since July 1, 1894. The figures in the other columns are not quite as bad, but show a loss of debt-paying capacity on the part of the nation in those periods when we were not utilizing new silver to increase our legal-tender circulation.

However, the money to pay these debts is raised by the sale of our products. Of these the largest amount of any commodities are probably wheat and cotton. If, therefore, we suppose the debt payable in wheat, to have liquidated the amount of the debt, less cash in the treasury, we have the following: In 1866, when, as a consequence of a shortage of crops in the old world, an unusual demand for our breadstuffs was created, it would have taken 1,200,000,000 bushels of wheat to have discharged that debt; in 1872, without such favoring condition, 1,700,000,000 would have been necessary; in 1878, when we again had the advantage of a series of failures of old world crops, it would have taken 2,570,000,000 bushels; in 1890, 1,060,000,000; 1,580,000,000 in 1893, and 1,830,000,000 in 1894. Similar facts might be shown in regard to that other great staple commodity, cotton. This is the real index. The

price of commodities shows the change in debt-paying capacity better than the enumeration in dollars of the amount of the obligation. Viewed in this light the demonetization of the white metal not only destroyed the debt-paying capacity of silver, but of the farmers' and manufacturers' products as well.

Let us see what this means. In its final analysis the only way the American people can pay a debt is in the products of the farm, factory or mines. They may pay in money, but if so, they must trade their products for the money with which to pay. Many gold advocates, like Professor Laughlin, Senator Gray, Horr, Cowperthwaite and Stanley Waterloo, have endeavored to quiet the unrest among the farmers by giving a table of figures to show them that a bushel of wheat will buy as much or more than it ever would. To the writer this seems overdrawn and only an approximation to the truth. However, the fact that this claim is made by gold advocates indicates that there has been a general decline in the prices of commodities corresponding somewhat to the fall in wheat; in other words, that the change has not been in the value of the wheat, but in the price of the dollar.

Suppose, then, that this debt had been contracted and paid entirely in that staple commodity. The interest has been paid promptly as it became due, so there is no reason for any accumulation on that account. In 1866 the original debt called for twelve hundred million bushels of wheat. Between that time and 1893, in addition to the \$2,614,000,000, of interest and \$58,000,000 premium on bonds, the equivalent of about twenty hundred million bushels was paid upon it. The original debt called for *twelve* hundred million bushels, *twenty* hundred million have been applied

upon the *principal*, and yet in 1893, prior to the issue of new bonds, it would have taken *fifteen* hundred million bushels to discharge the debt.

To make this still simpler we may suppose a farmer to have borrowed twelve bushels of wheat, for the use of which he pays a certain amount every six months. Before he is ready to return the wheat, the lender persuades his servants to strengthen their employer's credit and by demonetization increase the size of the bushel. As a result the farmer finds, after returning twenty bushels, he has fifteen more to pay. This is what has been done with our national debt. The dollar by which it is measured has been changed. Measured by commodities it has grown larger, though measured in dollars it was smaller in 1893. Herein lies one of the objections to the gold standard. It is deceptive in that it makes debts appear smaller than they really are. Consequently under the gold standard the man fails to fully realize the extent of his burdens, and only learns when he tries to pay what it is to have an appreciating dollar.

The following may enable people better to comprehend the increase in our national debt. From 1866 to 1893 that debt, measured in wheat increased 300,000,000 bushels. Who comprehends the meaning of such colossal figures? Suppose this increase of 300,000,000 bushels were loaded on wagons, forty bushels in each load and allowing two rods to each team, and it would require *fifteen* rows of such teams stretching from New York to San Francisco to convey that amount. With the issue of new bonds this has so increased that to-day it would require *forty* rows of such teams extending from the Golden Gate across the continent to Manhattan Island to carry enough wheat to pay the increase

in principal of that debt, and three such rows of loaded wagons would only suffice to pay the interest.

Once more, let us suppose that this debt was all held in Europe and that our government employed steamers to transport the wheat there, each of which would carry one hundred thousand bushels. In 1866 it would have required 12,000 such vessels. Between that time and 1893, in addition to the interest 20,000 such shiploads had been sent abroad, and yet in 1893, prior to the issue of the new bonds and solely from the change in the measure, it would have required 15,000 shiploads to liquidate the debt. In other words, after having paid on the principal one and a half times the amount of the debt the nation would still be owing 3,000 shiploads more than it did in 1866.

What is true of wheat is true of commodities generally. Mr. N. A. Dunning some time ago furnished a table to show the increase of this debt as measured in crops. His figures differ somewhat from those given above, from the fact that he appears to have taken New York City or export prices for our products and the outstanding principal of our public debt, while I have used the debt, *less cash in the treasury*, and for the wheat have taken the average farm values as given in the government reports for prices. Mr. Dunning's figures as to the amount of farm products necessary to pay our public debt were as follows:

	1866.	1890.	Actual increase.
Beef, barrels.....	129,000,000	236,666,937	107,666,937
Pork, barrels.....	87,000,000	147,916,836	60,916,836
Wheat, bushels....	1,007,000,000	1,972,222,448	965,222,448
Corn, bushels.....	2,218,000,000	3,944,448,893	1,726,448,893
Oats, bushels.....	3,262,350,000	5,917,773,340	2,755,423,340
Wool, pounds.....	4,281,538,451	4,733,338,752	551,800,301
Cotton, pounds....	*7,092,000,000	13,148,162,755	6,056,162,755

*Prices of 1867.

To Mr. Dunning's figures it has been replied by the sycophants of wealth and apologists for legal crimes committed in the interests of the money-lenders, that the increased amount of products could be produced with less labor owing to improved machinery. The figures are themselves an answer to this statement. How much less labor is necessary to produce wool or the animals that furnish our meat products? Again, what has the money-lender ever done to diminish the labor cost of production? Has he invented a machine? Has he put it together? Has he operated it? Has he done anything? No; and as he has not, by what principle of equity can he claim any share in the benefits resulting from its use? He has no claim whatever, and if he profits by it without paying the man who created that machine, then as gross a wrong is done as would be if there were no machine and he so manipulated the laws as to get twice the products. The question of improved machinery has nothing to do with the matter. On any principle of justice the money-lender is entitled to the same number of products his money called for when loaned and no more.

Similar figures to those above might be given for the other great staples which form the body of our exports, as, for instance, tobacco, silver, iron and steel, mineral oils and manufactured goods. They have all fallen so that it would take a much larger amount now than in 1866 to pay the balance of our public debt.

What has caused this condition ought to be patent. The dollar as a measure of values has been changed. It has operated in the same way as would the doubling of the size of the bushel, the pound weight and length of the yardstick. Who have profited by this change? The holders of our national debt. The appreciation

of the dollar has taken from the people and presented to them shipload after shipload of the products of industry. In the aggregate they have been enriched by hundreds, by thousands and tens of thousands of such shiploads. No wonder they love the gold standard when their profit is considered, but it is a wonder that the intelligent American people have submitted so quietly to being thus despoiled.

Another fact is equally patent. The tariff has played a subsidiary part in the matter, for whether under the Republican schedule of 1873 or the Democratic tariff of 1894, the closure of our treasury to replenishment by the additional use of the white metal has been followed by the incapacity on the part of our nation to reduce its obligation. Herein may be seen the secret of certain opposition to the use of silver. The bonds are a profitable investment. Free coinage would enable us to pay those bonds and stop the interest. This would be a good thing for the people, but not for the money-lenders. Hence it is not strange that the bondholders, seeing the advantage it is to them, wish to keep silver demonetized in order to perpetuate the national debt.

Looking over our country's history, it seems impossible for an intelligent man not to see that our financial legislation since the war has been shaped with a view to increasing the value of our bonded indebtedness. When a boy the writer read of a man who held a mortgage of \$3,000 against a farm which, at forced sale, would bring \$10,000. He changed the amount of the mortgage in order to secure the farm. But the forgery was discovered and the culprit arrested, convicted and sent to prison. Note the contrast. In the early sixties this nation contracted a great war debt. The bonds

and other kinds of certificates of indebtedness were virtually the title or claim to a given amount of the country's products. Had our monetary system been let alone, that with the interest was all that the holders would ever have received. They have not changed the figures on the bonds. Oh, no. That would have made them vulgar forgers, but they have accomplished the same thing by inducing Congress to change the dollar in which those products are measured. The result is that they have already received far more of the products of industry than was due them and still have a claim against the nation for more than we owed at the outset. This is not forgery, but financiering, and the men who have engineered it are not in prison, but esteemed the "best" people and deserving the highest rank in society.

The effect of these men's machinations upon the country has been disastrous. It would have been better, far better, had the amount of our public debt been doubled, trebled or quadrupled. Had we changed the face of the bonds directly, that would not have had the demoralizing effect which the change in the money has had upon the business of the country, nor affected other obligations. The forger's methods simply increase his returns of property, but the financier, in addition to increasing his returns, casts a pall over the industries of his country, throws multitudes out of employment and fills the land with an amount of misery that no man can estimate.

How was it with the state, county, city, school district and private debts?

These were the same as those of the government. In some instances there may have been an agreement to pay coin, but most of them at that time were payable

in lawful money. Granting that as soon as the nation could do so without borrowing additional funds we should have resumed specie payment, yet this would have left all obligations still payable in silver or gold. There was no reason why this should be changed, but the right to pay in silver has been surrendered without any consideration. If this was not a crime, it marks the United States as the most stupid of nations. The debts of its people were incurred when cotton was ten to twenty cents a pound and other things in proportion, as we were not then on a "sound money" or single standard basis. With the advent of "sound money" and "wholesome financial legislation" the dollar has about doubled in price, and, as a consequence, debts must be paid in money thus enhanced or, what is the same thing, products depressed in price.

AGRICULTURE UNDER DEMONETIZATION.

ASIDE from the effect on the national debt, are there evidences showing the benefits of the Bland and Sherman laws upon the prosperity of the country?

Yes. The effect upon the condition of agriculture was marked.

How can this be seen?

By comparing the values of all farm animals. In these there have been no improved methods of production to be alleged as a cause for the change in price. Their numbers would also be steadily increasing from year to year, hence their aggregate values should also be increasing. With these facts in mind we are prepared to compare the aggregate value of all the stock in the United States as given in the governmental reports. The following table exhibits this.

Year.	Total value of all farm animals in the U. S.	Increase.	Decrease.
1866.....	\$1,102,884,344		
1872.....	1,659,211,933	\$559,327,589	
1878.....	1,574,620,783		\$ 84,591,150
1890.....	2,418,706,028	844,085,245	
1893.....	2,483,506,681	64,800,653	
1894.....	2,170,816,754		312,689,927
1895.....	1,817,802,110		353,014,644

These figures show the same thing as those on our national debt. In the periods from 1872 to '78 and from 1893 to '95, when we were not adding to our silver money, the total value of all farm animals shows a marked decrease, but from 1878 to 1890, under the Bland bill,

and again from 1890 to 1893, under the Sherman bill, their valuation increased. Seven hundred and fifty million dollars decline under demonetization stands in striking contrast with a nine hundred million increase under a partial coinage of silver. Bad and defective as this legislation was, yet it added millions of dollars to the value of the stock which the farmer owns.

If such has been the effect upon the value of stock how would it affect the prices of farm products?

Prices of commodities and property are fixed by the law of supply and demand. This includes not only the supply and demand of the commodities, *but also the supply and demand of money.* The demand is fixed by the wants of the people and *also by their ability to purchase.* This latter is often overlooked, but is of the utmost importance. A man may want a thing ever so bad, but if unable to purchase, he must do without it. Consequently whatever impoverishes a portion or all of the people will prevent to that extent the amount of their consumption. The farmer depends for his market upon the people in the cities. Most of these have their ability to purchase conditioned upon the amount and steadiness of their employment. Hence an appreciating dollar, by its repressing effect upon manufacturing and other industrial enterprises, injures the farmer by throwing out of employment and depriving of their ability to purchase the persons who, under more prosperous conditions, would be his customers. Also the ability of people to purchase what they want is dependent upon the facility with which surplus products may be exchanged. Money is the agent for effecting such exchanges. Consequently an inadequate or restricted volume of currency in any country, or a currency that

can be cornered and controlled by the few, may largely destroy the ability of the masses to purchase and thus prevent the amount of consumption of the farmers' and other kinds of products which otherwise would occur. Thus an inadequate money volume not only produces falling prices of commodities in general, but also an under-consumption of those commodities. Hence an appreciating and restricted currency hurts the farmer both by decreasing his prices and also by lessening the amount of his products sold.

While these general economic principles are of universal application, yet prices of farm products are largely influenced by a variety of minor causes. Exceptional circumstances may operate and produce such variations as to render any statistics taken without due regard to existing conditions, very misleading. Thus, from 1875 to 1880, there occurred a series of failures of old-world crops, creating a demand for our bread-stuffs, the like of which never existed before and may never again. This would enhance the price of cereals during that period, and make the statistics misleading. However, cotton would seem to be a product of which both the use and supply have alike shown a steady increase. Here are the figures for that product as given in the Statistical Abstract of the Treasury Department for 1894, page 267:

Year.	Total production in lbs	Valuation.	Approximate price per lb.
1872.....	1,384,084,494	\$288,300,000	21 cents
1878.....	2,260,285,666	205,000,000	9 cents
1890.....	3,627,366,183	308,424,271	8½ cents
1893.....	3,352,658,458	268,000,000	8 cents
1894.....	3,769,381,478	263,857,000	7 cents

The prices of wool, as found on page 409 of the same Statistical Abstract, are also suggestive.

Year.	January.			July.		
	Fine.	Medi'm.	Coarse.	Fine.	Medi'm.	Coarse.
	cents.	cents.	cents.	cents.	cents.	cents.
1866.....	70	65	50	70	67	60
1872.....	70	72	66	72	70	65
1878.....	44	45	38	36	36	32
1890.....	33	37	29	33	37	29
1893.....	29	33	29	24	26	25
1894.....	23	24	21	20	21	18

From the above it will be observed that wool and cotton, the most stable of farm products, while showing a general fall in price since 1872, still show the most marked decline during the periods in which we have ceased adding to our stock of silver money. Hay which brought \$14.58 per ton in 1866, and \$14.52 in 1872, was \$7.21 in 1878, and \$8.50 in 1894.

Equally suggestive are the figures for iron, which are as follows:

	Pig Iron.	Bar Iron.	Steel Rails.	Cut Nails.
1866	\$46.88	\$98.13		\$6.97
1872	48.88	97.63	\$112.00	5.46
1878	17.63	44.24	42.25	2.31
1890	18.40	45.92	31.75	2.00
1893	14.53	38.08	28.12	1.44
1894	12.66	29.66	24.00	1.08

In all these figures the general trend of prices downward since we adopted the gold standard is plainly apparent, yet its results have been most marked in those periods in which we were not utilizing in any way, except as fractional coin, new silver to increase our stock of money. The prices of products may have been to some extent modified by a variety of causes, but the decline in the aggregate value of farm animals, of

which the number would be constantly increasing, and the inability of the nation to reduce its indebtedness, cannot be thus modified or explained. These are only explicable by the paralyzing influence of demonetization and contraction upon the industries of the country.

Is it not true that the downward tendency of products has corresponded with what has been termed the decline of silver?

In a general way, yes. Here are figures by which any one can institute a comparison from 1872, the year prior to the change to the gold standard.

	Silver per ounce London price.	Wheat per bushel, cents.	Wheat. Value of yield per acre.	Corn. Value of yield per acre.	Rye. Value of yield per acre.	Oats. Value of yield per acre.
1872	\$1.322	124.	\$14.87	\$12.24	\$10.84	\$10.14
1873	1.298	115.	14.69	11.41	10.04	10.37
1874	1.278	94.1	11.66	13.40	11.52	11.47
1875	1.246	100.	11.16	12.38	10.02	10.86
1876	1.156	103.2	10.86	9.69	9.28	8.44
1877	1.201	108.2	15.02	9.54	8.87	9.25
1878	1.152	77.7	10.16	8.55	8.38	7.74
1879	1.123	110.8	15.27	10.93	9.54	9.60
1880	1.145	95.1	12.48	10.91	10.50	9.28
1881	1.138	119.3	12.03	11.82	10.80	11.48
1882	1.136	88.4	12.02	11.94	8.28	9.89
1883	1.11	91.	10.66	9.63	7.04	9.20
1884	1.113	65.	8.38	9.19	6.34	7.58
1885	1.0645	77.	8.05	8.69	5.92	7.88
1886	.9946	68.7	8.54	8.06	6.19	7.87
1887	.97823	68.1	8.25	8.93	5.50	7.74
1888	.93897	87.3	10.30	8.94	7.07	7.24
1889	.93512	69.8	8.98	7.63		6.26
1890	1.04533	83.8	9.28	10.48		8.40
1891	.98782	83.9	12.86	10.97		9.08
1892	.87106	62.4	8.35	9.09		7.73
1893	.78031	53.9	6.16	8.21	6.67	6.90
1894	.63479	49.1	6.48	8.90	6.84	7.10

These figures show the general relation between the price of silver and the price of farm products. Both have declined together and a rise in silver is either associated with or followed, though it may be a year afterward, by a rise in farm products. A noted instance

of this occurred in March, 1895, when the prospect of China's war indemnity to Japan being paid in silver sent the white metal upward, and the price of wheat, cotton and other farm produce jumped in the same proportion.

Have other agricultural products kept pace with the downward tendency of silver?

Yes. The average value of an acre's yield of buckwheat was \$15.04 in 1872 and \$8.92 in 1894; of barley, \$14.20 in 1872 and \$8.51 in 1894; of potatoes, \$51.14 in 1872 and \$33.42 in 1894, and of tobacco \$85.39 in 1872 and \$53.09 in 1894. This may be better seen by the following table:

	Value per acre.		Loss	No. acres	Total loss
	1872.	1894.	per acre.	in 1894.	on crops of 1894.
Wheat	\$14.87	\$ 6.48	\$ 8.39	34,882,436	\$292,663,638
Corn	12.24	8.90	3.34	62,582,269	209,024,778
Oats	10.14	7.10	3.04	27,023,553	82,151,601
Barley	14.20	8.51	5.69	3,170,602	18,040,725
Rye.....	10.84	6.84	4.00	1,944,780	7,779,120
Buckwheat . .	15.04	8.92	6.12	789,232	4,830,100
Potatoes ...	51.14	33.42	17.72	2,737,973	48,516,882
Hay.....	17.03	8.75	8.28	48,321,272	400,100,123
Cotton	28.60	9.05	19.55	19,525,000	342,663,750
Tobacco	85.39	53.09	32.30	523,103	16,896,227

Total loss on all staple farm crops.....\$1,422,676,944

Is not this the cause of the hard times existing among the agriculturists?

This is but part of the story. Farms have also declined. Land generally is not worth as much as it was in 1872. The price of farm animals, already referred to, is also to be considered. On this point note the following:

	1872.			1896.		
	Number.	Value.		Number.	Value.	
		Aggregate	Average value per head		Aggregate.	Average value per head
Horses.....	8,990,900	\$559,707,916	\$73.37	15,893,318	\$576,730,580	\$36.16
Mules.....	1,276,300	121,027,316	94.67	2,333,108	110,927,834	47.57
Milch cows.....	10,303,500	339,408,983	31.97	16,504,629	362,601,729	21.97
Other cattle.....	16,389,800	321,562,683	19.62	34,364,216	482,999,129	14.06
Sheep.....	31,679,300	68,771,197	2.80	42,294,064	66,686,787	1.57
Swine.....	31,796,800	188,753,826	4.86	43,962,708	217,867,071	4.96

From this table we see that horses have declined on an average \$37.21, or more than one-half in value since 1872, mules very nearly one-half; cattle and sheep show a marked decline, though not to the same extent, while hogs alone show an appreciation. If we now compute the value of the present stock at the figures given per head for 1872, the aggregate decline in values appears for the horses \$593 890,353, mules \$109,959,380, milch cows \$165,046,290, other cattle 191,408,683, and sheep \$52,021,709, or a total of \$1,111,826,415. Deducting from this the aggregate increase, \$26,335,625, in value of the swine, and we have a net depreciation in value of the stock of the country of \$1,085,490,794. In other words, the farm animals of the United States are, according to the government statistics, worth \$1,085,490,790 less than they would be at the prices of 1872. If we accept the bimetallist view that the demonetization of silver and resumption of specie payment has caused this shrinkage of values—and the facts, taken collectively, seem to be explicable only on this view—then the single gold standard is costing the farmers of this country one thousand million dollars in depreciated values of their live stock alone, to say nothing of the still greater cost in reduced prices for their crops and depreciated values of their farms. Only a

limited number of our people have been enriched by the amount thus wrung from the American farmers. The greater portion has been presented to our creditors in the old world.

The press in July, 1895, published figures given out by the Michigan secretary of state to show that the value of farms, including lands, fences and buildings, in that state, had decreased \$43,193,959 in ten years, and that the average value of land had dropped from \$38.48 in 1884, to \$34.54 in 1894. The same figures showed that the amount paid for outdoor farm work was \$1,187,698, and for indoor farm labor \$129,696 less in 1893 than in 1883. The same secretary in his annual report states that the wool, wheat, corn, oats, hay, clover seed and potatoes produced, with the apples, peaches, small fruits and market garden products sold, were worth \$13,124,280 less in 1893 than in 1891. This was a decline of 18 per cent in value in two years. This decline in prices and less wages for labor on the farm is driving workingmen from the country to the city, where they will compete with the urban laborer in the quest for employment. Both the farmers and urban laborers, therefore, are injured by this condition, and both may well unite in seeking the cause and applying the remedy.

Do not gold monometallists claim that the depressed price of farm products is due to the introduction of labor-saving machinery?

They do, and in so doing they only make themselves ridiculous. It takes just as much or more land to grow a given amount of wheat as it ever did. As the country is growing more densely populated this land should be increasing in value and its rental higher from year to year. That such is not the case is due to the appre-

ciation of the monetary unit. It requires more fertilizers to keep this land in order than it did when the country was new. Here are two elements of cost that instead of growing less would, in a normal course of events, be increased. In addition to this it requires the same amount of seed and the same space for housing and the same work in marketing. Over half the cost of producing wheat has not been diminished by machinery. The facts are still more striking in the case of cotton. In that great staple the reduced price can scarcely be ascribed to the use of machinery, because the work is so largely done by hand. To only a limited extent has machinery helped the farmer. His products of all kinds require a large amount of hand labor. In some lines machinery enables him to economize markedly, but not in all. This consideration alone would make the improved-machinery claim ridiculous when applied to the entire range of farm products. However, there is another fact still more patent. The period when the greatest introduction of labor-saving machinery for the farmers occurred was from 1850 to 1870. During those twenty years the reaper, mower and gang-plow were perfected and came into general use. These three inventions did more to economize farm labor than all others combined, and yet for the ten years ending with 1872 the New York price of wheat was nearly double what it was for the decade prior to 1850. This fact shows beyond question that the low prices of which the farmer complains have not resulted from the introduction of machinery, but have resulted from a much farther reaching and more universal cause,—the appreciation in the purchasing power of the monetary unit. To rectify this condition and

remove the depression is the one thing needful, and while gold monometallists are worrying about the parity between gold and silver, bimetallicists are anxious, if possible, to restore and maintain the parity between the dollar and all other kinds of property.

The utter absurdity of this claim about improved machinery causing the depressed condition of agriculture may be still further seen in the matter of stock and farms worked on shares. In this case the owner leases his farm to some tenant and receives as his return simply for the use of the land one-third of the crops. The farm ought to grow more valuable and command a higher rental as the country develops. But how does it work? The same amount of land will not produce any more than it did thirty years ago. The owner receives for rental his third of the crops, which will not sell for more than half what they then would. In other words, the value of the farm and its rental has been reduced one-half by the change in the monetary unit. To apply the gold advocate's argument would be to say that this fall in the rental was due to the improved machinery by which we manufacture land more cheaply now than formerly. Certainly nothing could be more ridiculous than this statement, and yet it is the logical conclusion from their improved-machinery argument.

Have any estimates been made as to the cost of raising cereals?

The United States Agricultural Department Report, 1898, page 518, gives the following as the cost per acre:

	Wheat.	Corn.
Rent of land.....	\$2.81	\$3.00
Fertilizer.....	2.16	1.86
Preparing ground.....	1.87	1.62
Seed.....	.96	
Sowing or planting.....	.37	.42
Cultivating.....		1.80
Harvesting or gathering.....	1.19	1.22
Thrashing.....	1.20	
Housing.....	.37	.50
Marketing.....	.76	1.26
Total.....	\$11.69	\$11.71

Though these figures should be taken with some allowance, as some of the items, as rent of land, will vary greatly in different localities, yet when the value of the yield per acre is considered, they are not reassuring. True, the straw and fodder may be utilized for feeding stock and thus add something to the value of the yield. but even then it is evident there is no margin of gain left for the farmer. Agriculture has become unprofitable, and with present conditions there is no promise of anything better in the future.

The Department Report above cited says that in some sections of the country the straw and fodder may be worth \$5.00 per acre. This is undoubtedly too high for an average the country over. But let us suppose it correct. The wheat and corn yields for the last ten years, as deduced from the government figures, have averaged: wheat \$8.725, corn \$8.99 per acre. Add \$5.00 for straw and fodder and we have wheat \$13.725, corn \$13.99, as against a cost of raising of \$11.69 for the former and \$11.71 for the latter. This would give the farmer \$2.35 profit on his wheat and \$2.28 on his corn per acre with which to care for himself and family. Suppose he has eighty acres of land and crops it all

with wheat every year, this would give him a net income of \$162.80 per annum. If he have three children, or a family of five, this would allow \$32.56 for the support of each. What man can feed, clothe and pay the cost of schooling his child for any such sum? On corn, which gold monometallists are fond of citing, he would fare a little better. He would then have \$36.48 to support each member of his household, providing he has an average family of five. To have even this he would need to crop every acre each year. But this cannot be done. At times land must be given a rest, so that he could not produce even this utterly inadequate amount.

Is not the decline in agriculture and the depression in other industries due to overproduction?

Such does not seem to be the case. The writer has yet to find a man who has all he wants, but he knows many who are without the means of procuring a decent living. This does not indicate overproduction, but bad distribution. There can be no such thing as general overproduction. There may be overproduction in some lines, but not general. Men only work to procure something they want. As soon as their desires are all satisfied they will stop producing. As yet they have not reached this condition in this or any other nation.

The fault lies deeper. We have wealth and suffering both in this land. Talk about overproduction in a land with soup houses and Pingree potato patches; in a land where the farmers of Nebraska and Kansas were recently reported as starving, and appeals to charity were made for the famishing miners of Wisconsin and northern Michigan; in a land with cities in which sweatshops abound and the poor are huddled in crowded, ill-

ventilated tenements where their children sicken and die on account of insufficient clothing, food, water, neglect, dirt, foul air and infectious diseases, and with Coxey armies recently marching upon the national capital to petition Congress to do something to relieve the want, privation and distress among the laborers of the country! Talk about overproduction in such a land! What could be more absurd? The few have enough, but many cry and beg for the means of subsistence and yet gold advocates call this overproduction. Why, it ought to blister the tongue of a man in the presence of these evidences of abject want, to talk about this land having an oversupply. There is not only no overproduction, but the American people with all their improved machinery and inventive genius are incapable of any overproduction, providing they devise a means of correcting the faults in their system of distribution.

In addition to these considerations, the amount of the great farm staples, wheat, corn and cotton, retained in this country for home consumption in 1890 and 1894, as given in the Statistical Abstract of the Treasury Department, were as follows:

Year ending June 30.	1890.	1894.
Wheat in bushels.....	381,129,533	232,815,041
Corn in bushels.....	2,009,474,917	1,553,008,801
Cotton in pounds.....	1,163,924,275	1,112,775,166

The figures for the other crops are not given, but each of these show a less amount retained in 1894 than in 1890. Our population had increased five or six millions, and yet our people did with less. This ought to effectually dispose of the overproduction argument. It plainly does not exist and hence cannot account for the fall in prices. There was not enough of either retained to meet the customary consumption, and yet,

while our people were scrimping themselves and doing with less, the price of both wheat and cotton fell, while corn advanced a trifle.

The amount of wheat consumed in this country averaged over a half bushel less to each inhabitant in the last five years than it did in the preceding five. There was less corn per capita consumed in the United States in 1894 than in any year since 1882, and less wool than in any year since 1879. Such facts show that what ails our people is not overproduction, but underconsumption, and the monetary system which has destroyed the ability to purchase is responsible for this underconsumption.

Another fact also shows the decline of American agriculture. The largest tobacco crop ever raised in this country was in 1885, the largest crops of corn and oats were in 1889, the largest of rye and barley in 1891 and the largest wheat and cotton crops were in 1892. So marked has been the decline that less tobacco and buckwheat were produced in this country in 1894 than in 1860. Fewer acres were sown or planted with either corn, oats, rye, barley, buckwheat, hay, cotton or tobacco in 1894 than in 1893. What a comment does this fact suggest! With a country yet in its infancy and a virgin soil exceedingly fertile, our fields are beginning to lie idle because their tillage is no longer profitable.

How has this condition affected the farmer's ability to pay debts?

This can be readily judged by considering that the total value of all the wheat raised in this country in 1872 was \$310,180,875; in 1894 it was \$225,902,025. Consequently all the wheat grown in the United States

in 1894 would only pay about two-thirds the debt that the crop would of 1872. The total value of the cotton crop was \$288,800,000 in 1872 and only \$268,857,000 in 1894. The debt-paying capacity has been largely legislated out of the cotton crop, and the aggregate value of all the tobacco has never been so low since 1865 as it was in 1894. With a young and growing country these facts may well cause every American to blush as it shows to him the effect of the single gold standard in crushing the hopes of the farmer, despoiling him of debt-paying capacity, and destroying the greatest of all American industries.

Can figures be given to show how much the individual farmer has lost on each of his crops from the change in the monetary unit?

They can. All the farmer needs to do is to take the price at which he could have disposed of his crop in 1872 and then at the prices now prevailing. The difference will be what he pays for gold monometallism and the resumption of specie payment.

How much of this difference is due to the resumption of specie payment?

One-eighth of the price. The greenback dollar in 1872 was worth $87\frac{1}{2}$ cents in specie. However, it is well to remember that both these changes were in the same direction, viz., toward a dearer dollar.

Has not this change in the price of the dollar worked great injustice?

Certainly. For instance, suppose Jones had a farm valued at \$2,000 in 1872. Brown bought it, paid \$1,000 cash and gave a mortgage for the balance. He has since kept up the interest. At the time the mortgage was given it was equivalent to less than 1,000 bushels

of wheat. Owing to the change in the monetary unit, it now requires 2,000 bushels of that cereal to satisfy that mortgage. But this is not all. The farm has fallen in price from the same cause and may not now be worth more than \$1,000. Jones has really pocketed all that Brown has paid him, and the latter, to liquidate the mortgage, must pay all that the farm is now worth. The same will be true for almost anything the farmer raises. The monetary unit has been enhanced, and as a consequence it takes nearly twice as much of his products as it ought to pay a given amount of debt. Of course it is not exactly twice, but a much larger amount. Some things will be more and some less. The point is that the change in the money unit compels the farmer to part with a larger amount to meet his obligations. As far as the principle is concerned, the wrong is of the same character whether the amount taken be one or one hundred per cent. Every grain of wheat or particle of other commodity taken from the debtor and bestowed on the creditor by the appreciation of the measure of values, is simply legalized theft, and the dollar which thus adds a single stroke to the toils of husbandry or a drop of sweat to the brow of labor is an infamous dollar.

Is the purchasing power of the farmer's products affected by the change in value of the monetary unit?

There is no reason why it should be. The value of all things in this country is stated in terms of gold. Consequently the rise in the commercial value of gold has depressed the price, not only of the farmer's products, but also of those commodities which he is compelled to buy. As this cause has acted on all alike, it is probable that it has not affected the purchasing power of the farmer's products.

Then is not the farmer who is out of debt as well off under the gold standard?

No. We are a great debtor nation. In addition to our national debt, our states, counties, municipalities, school districts, railroads, manufactories and many business men, are heavily encumbered. This is true to an alarming extent. Not that every one of the states, counties, towns, municipalities and school districts are involved, but a large proportion are. In their ultimate analysis these debts are paid in the products of the farm, factory and mines. The merchant may pay, but it ultimately comes out of his customers. The same is true of the other classes. Gold may be sent abroad to pay a bond, but later wheat or some other product follows to bring the gold back. Ultimately all debts are paid in products and every farmer pays the debts of other men with whom he deals. He is not indifferent to the condition of his merchant, tailor, foundryman, or the railroad that carries his grain. If these suffer by an appreciating dollar he is compelled to aid in making up their loss, and this loss is taken from him in higher prices for what he buys and lower prices for the things he sells.

Aside from this, taxes are like mortgages. They do not shrink as a result of an appreciating dollar. To some extent they could not, as they are levied to pay debts or interest on debts of state, county, town or school district. They could not shrink on these for the same reason that bonds do not shrink in consequence of the enhanced value of the monetary unit. In another respect they simply indicate that the salaries of officials have been advanced or remained permanent. Be the cause what it may, it strikes the farmer who

is out of debt, because it takes more of his products than formerly to pay his taxes.

But the farmer has other taxes to pay besides his own. Levy a tax upon the middleman with whom he deals and the farmer pays it. Consequently there is a great deal more in this matter, and a much larger amount of products required to pay taxes than would at first appear.

From such considerations agriculture in this country has declined and become less profitable. The dangerous tendencies of the times are seen in the congestion of wealth and power and the flocking of the people to the cities. Many are forsaking the farm and those who remain are aware, when planting their crops, that their wheat, wool or other products must be sold on a descending scale of prices. They know that the mortgage burden is not declining with the price of what they raise, but takes more with each succeeding year to pay the interest. With each fall in prices a new burden is placed upon the farmer's back, and however heroic his struggle the steady appreciation of the monetary unit begets conditions which it becomes more and more impossible to bear. He plows in hope, sows in fear, reaps under the cloud of disaster and too often falls under the weight of burdens intolerable to be borne.

The farming community comprises nearly one-half the total population of the United States, and the products of the farm constitute the principal part of the commodities that enter into our commerce, both domestic and foreign. In view of this fact it should be a part of our national policy to foster agriculture. The farmer should be protected against the machinations of the bourse. Our domestic trade is also more impor-

tant than the foreign. The continuous disturbance begotten by the gold standard is injurious to both. There is no profit for us as a nation in the enhancement of the monetary standard. Instead we are sufferers from its appreciation, owing to the larger amount of products taken to pay our interest and principal to foreign lands. This, with the blighting effect upon our agriculture and other industries, should appeal alike to an honest sense of justice, and that stalwart American patriotism which is tolerant only of such a system as will conduce to the upbuilding and prosperity of this Republic. Therefore we should have no use for the gold standard, but should adopt in its stead an American system of money which shall foster our industries, build up our commerce, and, above all, be an instrument of justice by giving us as unvarying a standard as it is possible to obtain.

NOTE.—The figures for crops and the output of precious metals in this volume being taken mainly from the government reports of 1894, the production for 1895 is not unless expressly mentioned included in the statements made.

SOLON CHASE'S HEIFER.

WHOEVER has read the preceding chapter and followed the shrinkage in value of farm stock may be reminded of the story of Solon Chase's heifer. Mr. Chase was a greenbacker in Maine, and in 1880 a candidate before the convention of his party for the presidency. In the section where he lived it was customary with farmers not to sell calves but keep them until grown for the sake of the enhanced price.

Mr. Chase had, as the story runs, a two-year-old heifer which he wished to sell shortly after the dollar had been appreciated by the contraction of the currency and the demonetization of silver. To his surprise he found that he could only obtain the same price for the two-year-old that he could have obtained for the one-year-old the year before. He saw from this that the feed for the animal had been thrown away. He went among his neighbors and found that the same fact was true in regard to their two-year-olds. Some time after, in addressing a gathering of farmers, he related his experience with the heifer and appealed to them as to whether the same facts regarding price did not apply to their stock. Being answered in the affirmative Mr. Chase, after calling attention to how much had been fed that heifer, asked, "Who gets that hay? For whom have we worked? We have fed and tended those heifers for a year and done it for somebody's benefit. We have neither enriched the town, county nor state. I

have not worked for my poor son whose eyes were shot out while fighting to preserve the Republic or for other members of my family; yet you and I have worked and worked faithfully. Our land has been fruitful, but who takes the yield of our labor and our land? Let us seek to ascertain. As we must sell our two-year-olds for what was freely offered a year ago for yearlings, somebody is benefited. As we can get but one-half the value of our products, the man who buys them takes two dollars' worth for one; and it is for him, whether his capital be invested in National banks or in the untaxed bonds of the government, for whom we work. Our toil and enterprise only impoverish us, while the idle rich man, who buries his money, or puts it in a vault, grows rich at the rate of 100 per cent per annum. Labor, enterprise and production have thus become the road to poverty; and all capitalists are warned that the true way, the rapid road to wealth, is to withdraw capital from productive business and put it into bank stock or untaxed bonds."

Mr. Chase and his neighbors are not the only men who have thus raised stock. Rather all the farmers of America have been raising not only heifers, but also other cattle, horses, mules and sheep, which they have fed wholly or in part for nothing, and it is appropriate for them all to ask who got the hay and grain which they toiled to raise and fed to their stock. For whom do they work and how long are they willing to thus continue working for others without equivalent?

TRADE AND MONEY.

Is THERE any truth in the claim that it is necessary to maintain the gold standard in order to trade with foreign nations?

No. The gold advocates who use this argument are generally the men who advocate high tariffs to prevent such trade. As tariff advocates they do not want such trade, but as gold champions they do. Aside from this inconsistency the fact that we had no difficulty in maintaining our trade relations when we were doing business in this country with greenbacks is in itself a standing refutation of that claim. Still further, every nation has its own monetary system. England, Brazil, Chili, Portugal, Turkey and India have their gold coins $\frac{11}{12}$ pure, Egypt, Cuba and Mexico $\frac{7}{8}$, while ours are $\frac{9}{10}$ fine; hence there is no common basis even of coinage, and no such thing as a money of the world. In another respect each country has its own money. Germany has the mark, France the franc, and England does business in pounds, shillings and pence. If our gold goes there she puts it on the scales and weighs it and takes it by weight. It matters not whether coined or uncoined. Both are treated alike and are measured in the balance without any reference to the stamp this government may have impressed upon it. The coinage laws of a country are for the benefit of its own citizens in their domestic trade, which is far more important than the foreign. If residents of any country deal abroad they must compute exchanges. Each nation

in this respect is independent of every other, and while a general system of coinage, common to all the world, might or might not be a good thing, yet thus far we have none and no prospect of securing it. In addition to this, there are silver-using nations, and if we need gold monometallism to trade with some, we would need silver monometallism to trade with others.

How has the gold standard affected our foreign trade?

This can be best answered by the following table, giving out total exports and imports.

Year ending June 30.	Exports.	Imports.	Total.
1866	\$ 348,859,522	\$434,812,066	\$ 783,671,588
1872	444,177,586	626,595,077	1,070,782,663
1878	694,865,766	437,051,532	1,131,917,298
1879	710,439,441	445,777,775	1,156,217,216
1880	835,638,658	667,954,746	1,503,593,404
1890	857,828,684	789,310,409	1,647,139,093
1891	884,480,810	844,916,196	1,729,397,006
1892	1,030,278,148	827,402,462	1,857,680,610
1893	847,665,194	866,400,922	1,714,066,116
1894	892,140,572	654,994,622	1,547,135,194

A glance at these figures shows a marked increase in our imports to 1872, with, a corresponding decrease to 1878, then an increase to 1893, with a large drop to 1894. As our population was steadily growing in numbers and would hence need more, this fact seems to indicate that the disuse of silver between 1873 and 1878, and again in 1893, had left them in general without the means with which to buy the accustomed amount of foreign goods. The increase of exports in the same periods may be explicable either on the view of overproduction, failure of old-world crops, or that the stress of the times compelled our people to part with many things which, under more prosperous conditions, they would have consumed themselves. Whatever explanation one may give, the figures are a standing refutation of the claim that gold monometallism is beneficial to our foreign trade.

Are any official figures attainable showing the condition of our manufacturing industries as affected by the demonetization of silver in 1873 and again by the Bland bill and the repeal of the silver-purchasing clause of the Sherman law?

Certainly, the government furnishes statistics showing the amount of certain great staples on which these industries feed that are retained in this country for consumption. A large amount thus retained is evidence that those works are run to their full capacity, while a small amount of material shows that they have for a great part remained idle. Here are the figures:

Year ending June 30.	Wool Pounds.	Cotton Pounds.	Pig Iron. Tons.	Steel Rail- road bars. Tons.
1868	190,107,049	388,580,880	1,416,874	562,983
1872	274,022,957	453,152,967	1,952,150	1,219,672
1878	250,399,004	654,848,627	2,115,395	674,361
1879	245,839,755	778,528,071	2,384,571	783,596
1880	356,791,676	953,049,105	3,493,903	1,144,422
1881	290,385,247	1,011,103,200	4,246,229	1,603,242
1890	377,911,776	1,163,924,275	7,731,956	1,512,218
1891	411,373,803	1,429,146,210	9,270,924	1,869,541
1892	439,460,633	1,599,887,165	8,346,662	1,299,115
1893	471,276,343	1,183,550,452	7,167,270	1,537,078
1894	346,712,315	1,112,775,166	7,123,633	1,120,653

These figures show for the steel railroad bars retained for home consumption a rapid increase between 1868, the first year for which I have the figures, and 1872; then a marked fall to 1878, followed by another rise after the passage of the Bland bill, a subsequent decline, a rise at the time of the Sherman bill and a marked fall after its purchasing clause was repealed. As steel rails are used in building railroads and are therefore an index to the civilization of a nation, the statistics indicate that we have gone backward instead of forward during those periods when we ceased employing silver as money. The figures tell the same story in regard to wool and give the same record for

cotton and pig iron, except that there was a small increase in these from 1872 to 1878, but nothing comparable to what should have been in a young and rapidly growing nation. These facts show that our great manufacturing industries and transportation agencies have languished or declined in the strictly gold-using periods. They are only explicable on the view that this country was prosperous prior to silver's demonetization in 1873, that depression consequent on our changed monetary unit followed and that the passage of the Bland and Sherman bills inspired the people with confidence to such an extent that they engaged in various enterprises, but when experience proved that these laws were a delusion and that they were still in the hands of the money-lenders, they either contracted or desisted from their undertakings.

Did foreign goods come in to take the place of those not manufactured in our shops, or did our people do with less?

The total value of all the wool and woollens imported into this country for the year ending June 30, 1875, was \$45,627,928; in 1878 this had fallen to \$25,708,392; this was \$36,978,904 in 1893 and \$19,594,754 in 1894. It will be observed that the rise and fall in our imports coincide with those of our domestic production. When it is remembered how essential woollens are as an element of comfort and health, these facts, showing plainly curtailment in their use, are evidence that our people were cramped by the hard times in the restricted gold monometallic periods and compelled to economize on the very necessities of a comfortable existence.

Equally explicit are the facts for other commodities. The total value of all the cotton and its manufactures

imported into the United States in 1875 was \$24,199,798; in 1878 it was \$16,464,805, with \$33,343,554 in 1893, and \$21,590,929 in 1894. For wood and its manufactures it was \$5,757,997 in 1875, \$3,782,710 in 1878, and \$16,072,960 in 1893, and \$11,742,887 in 1894. For leather and manufactures thereof it was \$9,840,483 in 1875, \$7,338,127 in 1878, \$15,803,244 in 1893, and \$9,602,749 in 1894. For glass and its manufactures the figures are \$5,756,706 in 1875, \$3,331,980 in 1878, \$7,944,102 in 1893, and \$5,035,673 in 1894; while for iron and steel with their manufactures the imports were \$33,637,958 in 1875, \$18,422,882 in 1878, \$34,866,874 in 1893, and \$20,559,368 in 1894. Fruits and nuts are more in the line of luxuries and their figures tell the same tale, \$12,104,760 in 1875, \$10,084,889 in 1878, \$13,398,411 in 1893, and \$9,898,493 in 1894; while in jewelry, which is entirely a luxury, the statistics are \$3,805,500 in 1875, \$3,141,877 in 1878, \$15,203,563 in 1893, and only \$4,856,985 in 1894. Had I the figures prior to 1875, which was itself in the first single gold period, it is probable that the contrast would be still more marked. However, the facts as presented ought to establish beyond question the truth that the single use of gold has been associated with hard times of such severity as to compel our people to practice economy and deprive themselves of many of the necessities of life.

Outside of the number of steel rails consumed, is there anything to indicate the condition of the railroads?

Poor's Manual gives the number of miles in operation each year. This was 36,801 at the end of calendar year, 1866; 66,171 for 1872; 81,767 for 1878, and 166,-

706 for 1890. You will observe that during the first six years the increase averaged 4,895 miles a year; during the next period of the same length, under demonetization of silver, the increase was only 2,599 miles per annum; while in the next twelve, under the Bland bill, the increase has averaged 7,078 miles a year.

This tells the same story. Evidently even in a young and rapidly growing country like ours, gold monometallism does not encourage railroad enterprise; but how could it when the following changing rate per bushel at which wheat has been carried from Chicago to New York is considered?

Year.	Lake and canal.	Lake and rail.	All rail.
	Cents.	Cents.	Cents.
1866.....	29.61		
1868.....	22.79	29	42.6
1872.....	24.47	28	33.5
1878.....	9.15	11.4	17.7
1890.....	5.85	8.5	14.31
1891.....	5.96	8 53	15
1892.....	5.61	7.55	14.23
1893.....	6.33	8.40	14.7
1894.....	4.44	7	12.88

When it is remembered that the railroads are heavily in debt and that their debts do not shrink in volume with everything else, it can readily be understood why the financial system which is responsible for this shrinkage is not conducive to their prosperity. At the present time their debts will aggregate nearly or quite six billion dollars and this enormous sum must be paid in these depreciated rates.

In 1872 the capital and funded debts of the railroads were \$3,159,423,057, while the gross earnings were \$465,241,055. In 1878 the capital and funded debts had

grown to \$4,589,948,793, while the gross earnings had only increased to \$490,103,351. The former had increased \$1,480,525,736, the gross earnings \$24,862,296. In other words, in 1872 the railroads were earning 14.7 per cent of their stock, but mark the change. After six years under the single gold standard their gross earnings fell to only 10.7 per cent of their capital and funded debt.

Has not the same cause affected our shipping interests?

Undoubtedly it has. The total tonnage of the American merchant marine was 4,310,778 in 1866, 4,437,747 in 1872, 4,212,765 in 1878, 4,424,497 in 1890, 4,825,071 in 1893 and 4,684,029 in 1894. These figures show the same decline, only to a less extent, during the restricted gold periods as do our other industries. Equally suggestive is the fact that the largest amount of our imports and exports since the war ever carried in American bottoms was in 1871, when \$353,664,172 worth were thus transported.

The number of immigrants is regarded as an almost absolute test of the financial and industrial condition of a country. What was the number of these at the periods of comparison?

The tide of immigration was slowly rising up to 1873, and in that year 404,806 foreigners sought our country for a home. Then it fell with fluctuating figures to 138,469 in 1878; which became 457,257 in 1880; 669,431 in 1881; 788,992 in 1882; 444,427 in 1889; 455,302 in 1890; 560,319 in 1891; 623,084 in 1892; 502,917 in 1893, and this fell to 314,467 in 1894. This tells the story of good times prior to the demonetization of silver and the hard times that followed it more forcibly

than words can do. The figures also show the dawn of prosperity after the enactment of the Bland bill and again after the Sherman bill. Men seeking to better their condition will flock to our shores when times are good. The desirability or undesirability of such immigration need not be discussed here. They will come when the inducement of better opportunities is offered and the most condemnatory fact of the restricted gold periods is that it produced a condition of affairs here that largely destroyed the inducement for people to thus make this country their home.

Are there still other facts evincing the hard times prevalent in the strictly gold periods?

Certainly. There are many such. The almost stationary amount of deposits in savings banks, the reduction of one-half in the price of country newspapers, the fall in value of the products of our mines from \$688,687,712 in 1893 to \$609,817,495 in 1894, the diminished profits per message in telegraphy and the decreased amount of coffee and tea consumed per capita are all evidence of the hard times prevalent in the restricted gold periods.

Are figures attainable showing the wages paid for labor?

They might be through the labor bureaus. However, the United States census gives the average number employed at stated periods and the aggregate wages paid in the manufacturing industries of the nation. Dividing the latter by the former will give the average wage of each workman per annum. The decade from 1870 to 1880 includes the total demonetization of silver period, but is not strictly limited to it, as that began in 1873, and the Bland bill was passed in February, 1878.

This will not make the outlook as bad as if we had had a full ten years of total demonetization. However, the statistics of our manufactories with the division suggested are instructive and are as follows:

	1850.	1860.	1870.
Number of establishments	123,025	140,433	252,148
Capital	\$ 533,245,351	\$1,009,855,715	\$2,118,208,769
Value of material	555,123,822	1,031,605,092	2,488,427,242
Value of products	1,019,106,616	1,885,861,676	4,432,325,442
Total wages paid	236,755,464	378,878,966	775,584,343
Hands employed:			
Males above 16	731,137	1,040,349	1,615,598
Females above 15	225,922	270,897	323,770
Children and youths...			114,628
Average wage	\$247.38	\$288.95	\$381.73

	1880.	1890.
Number of establishments	253,852	355,415
Capital	\$2,790,272,606	\$6,625,156,486
Value of material	3,396,823,549	5,162,044,076
Value of products	5,369,579,191	9,372,437,283
Total wages paid	947,953,795	2,283,216,529
Hands employed:		
Males above 16	2,019,035	3,745,123
Females above 15	531,639	846,614
Children and youths	181,921	120,885
Average wage	\$346.90	\$484.49

Two causes supervened to modify these figures, one the war and the other the greenback currency of 1870. From 1861 to 1865 one-half of this nation was the theater of contending armies. These destroyed bridges, arsenals, mills and factories, in fact laid waste everything that could be a benefit to their opponents. Their path was the path of the cyclone and their work left the country traversed largely as if swept by an army of grasshoppers. In addition to this the vast hosts called to the field left those sections not invaded with a limited number of men. The result could not be otherwise than to retard the development of our industries. The greenback currency would in like manner modify the figures for 1870, but would have no effect upon the number of establishments or the kind of employes.

Making these allowances, we see that the number of factories rapidly increased to 1870, then scarcely increased at all during the next decade and progressed to a marked extent between 1880 and 1890. Also the number and character of employés is worthy of note. Between 1870 and 1880 women were largely taking the place of men and the number of children employed in 1880 was one-third greater than in 1890. Under fortunate conditions the latter should have been in school, but the figures indicate that the people, forced by the stress of the times, were compelled to send them into the shops in order to gain the means of subsistence.

The figures for 1880 are not pleasing to those who love their country and desire the prosperity and happiness of their fellowmen. They indicate industries amply protected, yet in a languishing condition; they show a check to the steady advance in wages which this country had been making, and are suggestive of want and deprivation in the land. They are the fitting concomitants of gold monometallism, which exhibited 88,665 almshouse-paupers in this land in 1880, while, under the Bland bill, ten years later, notwithstanding the increase of over twelve million in population, the number had fallen to 73,045. What an eloquent commendation these facts and figures are for the use of silver as money, and what a scathing censure they are on those who demonetized the white metal! The check to our young and growing manufacturing industries and to the advancing wages of the workingman stand in striking contrast with the growth in the decades before and after, and even put to shame the free trade tariff period from 1850 to 1860.

THE DECLINE IN PRICES.

WHAT is meant by the decline in the price of silver?

The price of silver, as well as everything else in this country, is measured in terms of gold. Relatively to the yellow metal it has declined since demonetization in 1873. Taken by themselves this may mean a decline in the price of silver or an increase in the price of gold. Compared to the price of gold silver has declined; compared to the price of wheat, cotton, and farm stock generally, silver has remained very near the same price.

Have comparisons been made to show whether the gold price of other articles has fallen in the same ratio as silver?

Yes. The *London Economist* makes a comparison with twenty-two principal articles of the London market. Dr. Soetbeer made a comparison of 100 articles, mostly raw material, and fourteen export articles in the German market. Mr. A. Sauerbeck has a similar comparison for forty-five different commodities, and all of these show that the average price of the things compared has fallen in a ratio similar to that in which silver has fallen. These facts point strongly to a single cause for the decline in prices, one that is affecting all gold-standard countries and that causes not only the depreciation of silver but that of commodities in general. Such a cause may readily be found in the appreciation in purchasing power of the standard of values.

In the United States a comparison of 223 articles has

been made by the senate finance committee, with the result of showing a fall of only eight per cent in the average gold price from 1860 to 1892 and a fall of about 50 per cent in the value of silver. This is certainly misleading. In 1860 we had a free trade or revenue tariff; in 1892 we had the McKinley high protective tariff. The object of a protective tariff is to enhance prices and thus promote home industry. Silver was not protected, but commodities were. In addition to this, trusts have been formed to hold up prices. Nearly every article in this country has been at one time or another controlled by a trust. Hence the men who use the senate figures are comparing trust prices and high tariff prices with those that occurred in a normal condition under free trade. Edward Atkinson has used similar figures in a recent *Forum* article, but these, as well as the senate statistics, show a rapid advance of prices during the war with its high tariff, followed by a marked decline since. However, the American people understand that there has been a rapid and ruinous fall in prices since 1873, and they are more interested in ascertaining the cause than in discussing comparisons with 1860 when the conditions of the dates compared prevent any fair comparison.

The fact is that exchange consists in the trading of money for commodities. Under our present system the value of the money is founded on gold, and if there is not enough of the latter in proportion to the commodities, prices will fall. This being so, as gold has not doubled in use while the quantities of commodities have more than trebled, the fall of prices was a natural sequence, and simply resulted from the deficient supply of money.

Have prices generally in silver-standard countries fallen or changed in any manner comparable to that in the gold-standard nations?

They have not. In the October, 1898, *Forum*, David A. Wells says: "Testimony was given to the recent British Commission on Indian currency, that within the last twenty years half of the silver prices of commodities in India have risen and the other half fallen." This is exactly what should occur with an unchanging monetary unit, and, while Mr. Wells is a gold advocate, he has in the above statement of fact shown that silver is a truer standard or measure of values than gold.

Equally instructive was an interview with M. W. Ransom, our Minister to Mexico, published in the newspapers, July 12, 1895. After stating that he was surprised to find so many of the poor people able to secure employment in that country, and that there was a greater stability of prices, wages, rents, etc., there than here, Mr. Ransom says: "Mexico is also increasing considerably its manufacturing plants. Domestic manufacturing is being stimulated on account of foreign commodities having to be paid for in gold, as they do not have the gold. Several new cotton mills have recently gone up, and at Monterey there are now three of the largest smelters in the world. There seems to be an ample supply of money in the country, silver money of course, but a silver dollar in Mexico buys just as much as it ever did."

Congressman Aitken, at the 1895 Michigan club banquet in Detroit stated that Mexico was now more prosperous than ever before. The same thing is indicated by the amount of American money invested in that coun-

try. This has largely been used in the construction of railways, but has lately been going into the coffee farms of Mexico. The fact that this money has gone there indicates that Mexico, with her silver currency and more or less unsettled government, has opportunities for investment such as our own country does not afford. Manufactures have been rapidly developing there, as also in India, though of course both of these countries have a different population from ours, and are as yet in many respects far behind the United States.

However, this decline of prices in gold-standard countries and their constancy in silver countries, and the consequent injustice to the debtor class, has been recognized by one of our leading political parties. In 1891, under the heading "The Principles and Policies of the Republican Party," the National League of Republican clubs issued a pamphlet in which the following language occurs:

"Measuring both metals by the standard of commodities, it is substantially true to say that gold has appreciated much more than silver has depreciated. In the silver-using countries silver will buy almost as much of everything EXCEPT GOLD as it would ten or a dozen years ago, and this fact sustains the demand for 'cheaper' money. The advocates of the gold standard allege that the value of gold is intrinsic, and that a certain quantity of gold bullion having a fixed value should be the standard of exchange. This would be all well enough if any one were able to insure that the supply of gold would continually increase in ratio with the increasing demand for it caused by a growing population and commerce, but, as a matter of fact, it is

decreasing in that ratio, and therefore a man who, ten years ago, contracted a debt which might then have been discharged with a thousand bushels of wheat, must to-day pay many more than a thousand bushels to get himself free. Just as it is true to say that the silver dollar which was exchanged on an equality with gold fifteen years ago, is now worth but eighty cents in gold, so it is true to say that an amount of wheat that would exchange fifteen years ago for a gold dollar is worth much less to-day.

"The meaning of this is clear. The capitalist can increase his wealth by simply converting it into gold, putting it in a vault and holding it idle for a series of years. At the end of ten years it will buy more provisions and more labor than it would when he stored it. As the supply of gold contracts, everybody must work harder to get it.

"It is plain that a debtor is entitled to discharge his obligations for a value precisely similar to that he originally obtained. He cannot do this if the money in which his loan is compulsorily payable increases between the date of its making and the date of its payment. Measured in gold, all obligations have thus increased in a very short period of time. The creditor class enjoys, therefore, a vast advantage over the debtor class. The men who work for their living and who consume their earnings year by year are placed in a most unfair position."

Here is recognized the fact that the gold standard is unjust, that silver is a better one, and that the debtor and laborer are both injured by the appreciation of the dollar. Though the above was written in support of the Sherman law, yet it is just as true when applied in

favor of free coinage After this semi-official announcement of the fact by their own party, argument should be unnecessary to convince Republicans that gold is unfit to be a standard of value.

Do not gold advocates claim that improved methods of production have caused the decline of prices in gold-standard countries?

Some of them do, but that is only an admission that there is something wrong. It gives the money-lenders, who have done nothing toward securing those improved methods of production, a share in the labor of those who have brought them into existence.

Aside from this, as we have already seen, the claim of improved methods is ridiculous when applied to farms, stock and agricultural products. These have been affected by something else, but certainly improved methods will not apply.

The absurdity of this claim is equally patent when applied to mining. Here we have improved methods, it is true, but the argument that these have caused the decline in the price of silver, iron, copper, lead and other metals is one-sided as a jug-handle. These do not stand alone. Gold is also a mineral product, and if improved methods have cheapened silver, it should have done the same thing with the yellow metal. Here was a cause common to all the products of the mines operating, and the remarkable fact is that gold alone shows no effect of its operation. This fact makes the contention that the low price of silver is due to improved methods of production simply ridiculous, because it is equivalent to claiming that improved methods of production do not cheapen gold, but do everything else.

THE CAUSE OF THE APPRECIATION OF GOLD.

WHAT causes may operate to affect the price of any commodity?

Anything that affects production will do it. Thus a deficiency in production which will leave the world without enough to supply its needs will increase the price. On the contrary, an overproduction by causing an excess which cannot find a market, will cheapen the price. It is also evident that if the production remained the same and the world's population increased so as to need more, prices would advance, and conversely a diminished demand would cause them to fall. If there were but one plow to be had, and two farmers both wished to use it at the same time the price would be high, but if there were two plows and only one farmer the conditions would be reversed and he could purchase one cheap. In other words, values are conditioned on use, regulated by the supply and demand, and whatever increases one or the other of those modifies prices.

Can legislation influence prices?

It not only can, but does. In war times prices were high because the government was a large purchaser not only of commodities, but also of laborers. In so doing it increased the demand and prices rose accordingly. It may also legislate a thing out of use and destroy the whole or part of its value. These principles will apply to the dealing with the precious metals. Prior to 1873

the leading nations took all that came at a fixed ratio and coined them into money which they declared should be a full legal-tender for the payment of debts. As only a certain amount of either could be produced, this free coinage by the government created an unlimited demand with a limited supply. The ratio fixed the price, and the unrestricted coinage held both metals very close to that price. There was no trouble about maintaining a parity, because under free coinage by a government strong enough to take all that came of either metal they could not diverge widely. Under free coinage a bullion owner would be foolish to sell his silver without receiving approximately the mintage price, because he could send it to the mint and have it coined into dollars in all respects equal to gold. Bullion owners would not do it and hence free coinage maintains the parity.

Then is legislation the cause of the present disparity between silver and gold?

Yes. It has depressed the price of silver a little, but its main effect has been in enhancing the price of gold.

Why has gold advanced?

Because legislation has created demands for it which there is not enough produced to meet.

How does this appear?

Since 1873 the total gold output of the world has been, as obtained from the Director of the Mint's report, page 52, \$2,345 635,100. In that period the imports to India, China and the Orient generally have been retained there and lost to the commerce of the world. Soetbeer estimates the amount thus lost at \$600,000,000 and Muhleman says that India has annually gained fully \$25,000,000. This would make \$550,000,000 for

the twenty-two years and leave less than \$1,800,000,000 for the rest of the world. Over half this amount is consumed in the industrial arts. This would leave less than \$900,000,000 for coinage purposes since 1873. At that time this nation was on a greenback basis and the government figures give \$25,000,000 as the gold and silver circulation. In addition to that the banks held as reserves about \$75,000,000 of gold. This indicates the total gold stock of the country at that time did not exceed \$100,000,000. At present the treasury officials place the gold in this country at \$636,000,000. This indicates that we have increased our gold stock by over \$500,000,000. Germany demonetized gold in 1857, but remonetized it in 1871. From this fact she may be fairly presumed to have been without gold in any considerable amount at that time. Her present stock is \$625,000,000, all of which has been drawn from the world's output or from the existing stock in other countries. In like manner Austria-Hungary has taken \$130,000,000 more. Here we have four nations which have added to their gold stock since 1873 at least 1,200,000,000, or 300,000,000 more than all the yellow metal produced in the world since that time that would be available for monetary purposes. But this does not tell the whole truth. Roumania, Egypt, San Domingo, Holland, Norway, Sweden and Denmark have gone to the gold standard, and the Latin Union in proportion as it has demonetized silver needs more gold, and all such legislation has increased the demand for the yellow metal. With a demand so far in excess of the supply it is not strange that gold has advanced in price. There was no country prior to 1873 that had too much. It was worth a certain quantity of products

then, and the countries that have increased their stock have only done so by giving from year to year a larger number of products for the same amount. The world is growing, every land is increasing in population, business is developing at a pace the earth has never known, each country needs more money than ever before, and yet, as the foregoing figures show, the competition to obtain the yellow metal has been so sharp that some nations must have been induced to sell part of their stock and do with less.

• Another fact is equally instructive. In 1890 the European banks held \$971,000,000 as gold reserves. In 1894 their gold reserves were \$1,388,000,000, an increase of \$417,000,000. In 1890, 1891, 1892 and 1893, the years from which this increase must come, the total gold output of the world only aggregated \$553,025,000. If we allow \$25,000,000 a year for Asia and one-half the remainder for the arts, this leaves \$227,000,000 available for monetary purposes for the rest of the world. But the European banks have taken \$417,000,000. Where did they obtain it? Evidently not from the production, as the amount which they secured exceeded that portion of the world's total production that would be available for monetary use by \$191,000,000. There was but one source whence this amount could have been obtained, and that was by abstracting it from the currency with which the people had been accustomed to do business. The banks of Europe have thus more than consumed the world's supply, and this without reference to the needs of other lands. From 1871 to 1894 the Bank of France alone increased her gold reserves \$303,000,000, and since 1873 the imports of gold into France exceeded her exports of the yellow metal by \$450,000,000.

Statistics show that the world's total gold output for the twenty-one years following 1872 has been less than for the preceding twenty-one. This fact indicates that the supply has not kept pace with the development of civilization and the growth of trade. Had there been no changes in the financial systems of the nations, the amount produced would have continued in its former channels, and by going to countries like England replenished their treasuries. The volume of money in those countries, being thus maintained and to some extent increased to meet the growing demands of trade, would have tended to give stability to prices.

But how has England fared? The only figures accessible, bearing on this point, are those giving the imports and exports of gold since 1858. From that year until 1876 her imports exceeded her exports of the yellow metal \$418,642,896. This indicates that the United Kingdom needed about \$23,000,000 a year, but for the next decade her exports exceeded her imports of the yellow metal \$40,554,895, or an average of \$4,000,000 per annum. These figures indicate that she was short \$27,000,000 a year or \$270,000,000 for the decade of what was necessary to supply the people's needs, maintain her financial system and thus give stability to prices. Can it be a matter of wonder in view of this shortage of basic money that English prices fell? No country can stand such a condition without that result inevitably following. The price of her gold pound sterling fixes the price of our dollar, and will so long as we maintain the gold standard. In addition to this the price of our wheat and cotton, being fixed in Liverpool and London, reacts upon and fixes the prices in New York and New Orleans. Hence English prices

are not a matter of indifference to us, as ours are largely dependent upon them. However, from 1887 to 1893 England's net imports of gold were \$153,163,022. Still this was not enough to meet her customary demand, and make good the deficiency of the previous decade. In the face of such facts it would seem that it must be patent to any one that gold alone is inadequate to meet the world's demands as a money metal, and that its advance in price has resulted from a deficiency of production.

Senator Stewart says, "Statisticians inform us that in 1873 there were nearly \$8,000,000,000 of real money of ultimate redemption, certainly over \$7,000,000,000. The real money at that time, which required no promise of redemption, consisted of gold and silver coin. On the gold theory there is now less than one-half as much money of ultimate redemption." The amount of monetary gold at the present time, according to the Director of the Mint, is \$3,965,900,000. Herein it appears that the gold monometallists are trying to drive the camel through the needle's eye by making this sum do vastly more work than the greater volume did in the early seventies. If seven or eight billions were needed then as the basis of circulation and credit, certainly the world with its expanding business needs nearly or quite double that amount instead of trying to do with one-half less. True, the gold advocates are as yet far from the realization of their desires, as less than one-third of the world's inhabitants have adopted the single standard; and the experience of those which have, with their frequent panics and falling prices, is not calculated to commend that standard to others. Still, as these are the leading commercial nations and use

more than two-thirds of the world's metallic moneys, the figures are instructive as showing how totally inadequate the supply is to meet the demand. They also indicate that our supply of both gold and silver for money purposes has not kept pace with the world's development.

To the same purport have been the efforts of statesmen, capitalists, financiers and newspapers in our own and other countries to maintain the gold reserves. These evidence the fact that there is not gold enough as a basis for currency, commerce and credits. This deficiency of basic money manifests itself also in six-cent cotton, fifty to seventy-five-cent wheat, low wages, decreased employment, armies of tramps, and the issuance of government bonds in a time of peace.

In our own country the whole trend of financial legislation since 1873 has been a confession of the blunder or crime of demonetizing silver. The Bland bill was an admission that we had not gold enough, the Sherman law was a declaration to the same effect, otherwise Congress would not have arranged to purchase silver and base a currency upon it; every greenback afloat to-day is a condemnation of the gold standard which has made it necessary to substitute uncovered paper for real money in transacting the business of the country; and every national bank bill, which compels the people to pay double interest, is a forceful proclamation of the stupendous financial folly of those great financiers who demonetized silver, and thereby deprived the country of one-half of its redemption money. Every proposal of a bankers' convention and every scheme to reform the currency has been in the same line; a confession that the single gold standard has

been tried and proven a failure. With these evidences, coming from bankers, coming from Congress, aye, coming even from the President of the United States and his Secretary of the Treasury in schemes to change the currency, that are an admission of the banefulness of our present system, there is inscribed a lesson which all should read. After twenty-two years of trial the single gold standard has been weighed in the balance of business experience and found wanting, and should therefore be superseded by some other system adequate to meet the requirements of an advancing age and progressive humanity.

A HISTORIC RETROSPECT.

WHY are high prices for commodities always associated with periods of prosperity and low ones with depression?

The chief reasons are two:

1. High prices stimulate enterprise.

2. Because WITH HIGH PRICES THE MONEY-LENDERS RECEIVE IN PAYMENT OF INTEREST A LESS PROPORTION OF THE WEALTH PRODUCED, AND THIS LEAVES A LARGER AMOUNT FOR DISTRIBUTION AMONG THE WEALTH PRODUCERS. Suppose the interest took one-half the total products of the country. This would leave the other half for the remainder of the people. If prices be increased five-fold with the same amount of production and amount of interest, the money-lenders will receive only one-tenth instead of one-half of the products. In this case the people, instead of having one-half of what they produce, would have nine-tenths. Differently stated, if a man works for \$6.00 a day he can pay the interest on \$100 at 6 per cent with one day's labor, but if his wages be \$1.50 per day it will take four days' labor to pay the same amount. In the one case he would give three days' work to the money-lender which in the other he would have for himself. Evidently it is immaterial whether his wages be changed or the change be in the price of his products. If working for himself, by lessening the price of products, the money-lender could compel a laborer to work four days to pay an interest or debt for every day that was honestly owed.

Has our country had other periods than the sixties of high prices followed by depression?

Yes. During the war of 1812 specie payment was suspended. Some treasury notes were issued and large volumes of bank bills put into circulation. As a result of the increased currency, prices rose and a period of general prosperity ensued.

How long did this continue?

Until the volume of circulating media began to be contracted, and prices fell very much in proportion to the contraction. Lands in Pennsylvania on an average were worth \$38 per acre in 1809; \$150 in 1815; and only \$35 in 1819. The export price of flour averaged \$8.57 in 1810; \$12.00 in 1817; and \$4.07 per barrel in 1821. Other things showed somewhat corresponding fluctuations.

How could the suspension of specie payment affect the export price of flour?

The specie not being used in this country would, to a large extent, go abroad. It would thus be added to the stock of other countries and cheapen the precious metals. Great Britain had previously suspended payment of specie. Consequently her stock would act in the same manner. The result would be to increase the supply of money metals in those countries still using specie and make money cheaper. This would appear in the general rise of prices of commodities. Our wheat, flour and all our exports would share in this rise of old world prices.

What can be said of the times following the resumption of specie payment?

Great Britain, resuming just after this country, created a large demand for gold and silver to take the

place of the paper discarded. This made money dear, or what is the same thing, commodities cheap. Flour in Pittsburg fell to \$1.00 per barrel, wheat sold at twenty cents a bushel in Kentucky, sheep at \$1.00 a head, wages were low and the workingmen were either idle or employed on half time. Interest was low, but the security demanded from those who wished to borrow could not be given. Money seemed plentiful with those who had no debts to pay, but they would neither loan nor invest it. In New England fully one-fourth of all the property was sold at sheriff's sale, and the prostration was very much the same elsewhere. Financial depression was general and the presence of debt well nigh universal. Notes were brokers' merchandise and the social and industrial machinery came to a standstill. In short, reaction, stagnation and depression followed the inadequate supply of money not only in this country but in all parts of the civilized world. This was aggravated and prolonged by the revolutions in Mexico and South America, which closed the mines of those countries for the time and thus still further deprived the world of its supply of money metals.

What was the condition of our country for the decade from 1820 to 1830?

In the fall of 1822 there was an upward movement of prices, but in December, 1822, there was a reaction and collapse. In 1824 business seemed to be reviving, not only in this country but also in England. Cotton rose to twenty-seven cents, flour exported at \$5.78 per barrel and other things showed an advance. This continued until July, 1825, when a fall in prices in England brought a fall in this country. The banks failed in large numbers, fifty business houses in New York

went down and again stagnation gained the ascendancy. In 1827 money appeared more plentiful and the country began to emerge from its depression, but in May, 1828, money was again scarce. There was another money stringency in 1829 and again in 1831, but from this time on the volume of our per capita circulation, except for a slight decrease in 1834, steadily increased until 1837. The average annual export price of flour ranged from \$4.00 to \$6.00 per barrel, more frequently being nearer the lower figure, during this decade.

What was the amount of our per capita circulation?

\$7.60 in 1810, about \$15.00 in 1816; \$6.96 in 1820, and \$6.69 in 1830.

What was our per capita circulation in 1837?

\$18.87. With this increased circulation came improvement in business and prices. Flour rose until the annual export price in 1837 was \$9.37. Wheat was \$2.00, corn \$1.00 and oats 75 cents a bushel in New York. Cotton ranged from 12 to 20 cents in 1836, but began to fall in 1837. Railroads had been greatly extended and new lines built. New sections of the country were opened up, new industries sprang into existence, labor was employed and, with the exception of 1834, when a temporary depression was caused by the contraction of the currency, the period was one of great prosperity.

What caused the change that followed?

The banks had issued bills without adequate security and beyond their ability to redeem. The Bank of England raised its interest rate to $4\frac{1}{2}$ per cent. The result was a large transfer of gold from this country. Our import trade largely exceeded our exports and specie went abroad to pay balances. This made the credit

system resting upon and redeemable in specie top-heavy and it fell. The banks in this country were unable to meet their obligations and many of them closed their doors. In the consequent contraction of the currency the price of money went almost out of sight and this manifested itself in the destruction of prices for commodities generally.

Did these results all occur at once?

No. There was a panic in 1837, a partial revival in 1838, another panic in 1839, another seeming revival and the full effect of the total collapse in 1843. However, with some fluctuations, the time from 1837 to 1843 was marked by an enormous contraction of the currency. The \$13.87 per capita circulation of 1837 had dwindled to \$7.87 in 1843. Consequently the prices of commodities did not fall greatly in 1837, but reached the lowest point in 1843. In that year the average annual export price of flour had fallen to \$4.47. Wheat fell to 87 cents, corn to 51 and oats to 37 cents in New York. In the same city pig iron fell from \$60 per ton in 1837 to \$27 in 1843, coal from \$10 to \$5 per chaldron, beef from \$12 to \$6 and pork from \$23 to \$8.25 a barrel, butter from 20 to 9 cents a pound, wool from 40 to 18 cents and salt from 40 to 28 cents a bushel. These were New York City prices, and in the country at large they were much lower.

Cotton, which had declined to 16 cents in May, 1839, was never above 8 cents in England during 1843, while in this country it was a drug on the market. It did not reach 12 cents again in England until 1847. Property of every description sold for a song. Tobacco was 62½ cents a hogshead. In Missouri at sheriff sales, hogs were sold at 6½ cents each, cows at \$1, and horses

at \$2 a head. THERE WAS PROBABLY NO TIME IN THIS OR IN THE PREVIOUS CENTURY IN WHICH PRICES WERE AS LOW AS IN 1848. It was an era of nearly universal bankruptcy. Money was in the hands of the few, and as the value had been almost knocked out of property it was well-nigh impossible to furnish any kind of security that would tempt its investment. In some of the states it was difficult to get enough to pay taxes. It was one of the most disastrous financial revulsions ever known, and from the general wreck only a limited number were able to save anything.

Did the people at that time recognize the cause of the collapse?

Some did. There were "cranks" and "lunatics" in those days, just as there are now, who knew that the trouble was with the financial system; but the eminent financiers who had run the "wild-cat" banks were ready with equally ridiculous wild-cat theories to explain the cause of the wreck and ruin wrought. Among the causes alleged by these eminent financiers of that day were the tariff, over-speculation, undue mercantile expansion, the withdrawal of national deposits for distribution among the states, the "specie circular" requiring government land to be paid for in gold and silver, the attempt to substitute a metallic for a paper currency, the improvements in machinery by which the cost of production had been cheapened, and a multitude of others. However, the eminent financiers of that time do not seem to have known or mentioned the effect of the revolutions in Spanish America in reducing the world's silver output from \$1,102,487,000 in the thirty years preceding 1810 to \$664,160,000 in the thirty years prior to 1840. Had they considered this in connection

with a reduction of the gold output from \$354,616,000 to \$195,882,000 in the same periods, they might have given the real reason by saying that this, with the growing population and business, left a shortage of metallic money of which the banks had taken advantage to loan the people bank credit at exorbitant rates of interest, and that the crash had resulted from the collapse of this credit.

After 1843, how long did the period of prosperity commencing in 1844 continue?

Up to 1848, when there was another panic, though of slight duration. Business had recovered but slowly from the collapse of 1837 to 1843. Prices in this period advanced some, but were never high. The highest average annual export price for flour was \$6.22, which was only reached in 1848. Doubtless the potato famine in Ireland and short crops in England and Europe in 1847, aided in effecting this result. In 1848 our circulation reached \$10.66 per capita, and the next year fell to \$10.34. In 1850 it was \$12.02 and reached \$16.10 in 1854. The world's output of gold from 1841 to 1850 was \$363,928,000 and the silver \$324,400,000. The export price of flour fell to \$5.85 in 1849 and \$4.83 in 1850. Prices of commodities generally followed flour in decline and were very low in 1850 and 1851. From that point they recovered and steadily advanced to 1857, when, following the panic of that year, they fell rapidly to 1860. Flour for export reached its highest yearly price of \$9.04 per barrel in 1855, when wheat in New York ranged from \$1.86 to \$2.80 per bushel. Our per capita circulation rose steadily to \$16.10 in 1854, then dropped irregularly to \$13.78 in 1858, rose to \$14.85 in 1859 and again fell to \$13.85 in 1860.

In this last period two events exercised a marked influence, the Crimean War and the discovery of gold in California in 1848 and in Australia in 1851. Of these the gold discoveries were of the greatest moment. The world in its growth needed a larger supply of precious metals. The amount produced was totally inadequate to meet the demand. Civilization was at a standstill and the wheels of progress clogged for want of money. These rich gold finds infused new life into commerce, industry, progress and development throughout the world. They gave opportunities for that marvelous growth of which the present age is justly proud and which might have been made still greater, had not the leading nations, under the guidance of the money brokers foolishly demonetized one of the precious metals and thus deprived the people of this means of advancement.

What has been the condition of our country since 1860?

Briefly it may be divided into two periods, the one prior to the demonetization of silver in 1873 and the other the gold standard period. In the first, with an abundant greenback currency, the country was prosperous. The only exceptions were the panic of 1864 and the fall of prices in 1867, 1868 and 1869, following the contraction of the currency and the return of the soldiers to peaceful pursuits. However, the former was not of long continuance, as its effects speedily passed away, and the fall of prices in the latter were largely regained in 1871 and 1872, when silver mining came to the front and the era of western development was marked, so that the thirteen years may be said to have been a period of continuous prosperity. Flour for export reached the highest figure in 1865, when at \$10.41

it commanded the highest annual average price it has ever had in our history since 1817. Wheat in New York reached \$3.45 in 1866 and the average value of that year's crop, as estimated in the Department of Agriculture Report, was \$2.19½ a bushel. Everything was brisk, so that the years from 1861 to 1873 may be said to have been the longest period of continuous prosperity our country has ever enjoyed.

The second period was marked at the beginning by a continuation of the contraction of the currency. Though embracing twenty-two years, it exhibits one panic in 1873, one in 1884, one in 1890 and another in 1893. It is marked by a rapid and ruinous fall in prices. The currency has had its value made dependent upon other nations by being all established upon the basis of gold. Hence an increase in per capita circulation does not do the good that it would if established upon a larger volume of basic money. Though at times in this period there has been a small increase in circulation, yet in connection with its being limited to the gold basis it was not enough for the country's needs, as otherwise this decline in prices would not have occurred.

This gold-standard era differs from all previous periods in our country's history. In it prices, when they have once fallen, never fully recover, but remain down. They have not regained in the twenty-two years since 1873 the height they attained in 1817, 1837, 1857, 1865 or 1872. The tendency, though somewhat up and down, has all been in the same direction. There have been promises of something better, for a period prices would advance, though not to the old figures, and then would come another crisis in which they would fall

lower than before. All the promises of betterment have been delusive. Like Dead Sea apples, they have turned to ashes upon the lips and proved but a mockery of the people.

How about the present apparent improvement?

This but shows the irrepressible character of the American people. They cannot be kept down if given a chance. Even with the showing made under the gold standard of times hard and growing harder, they have still the pluck to push forward and attempt enterprises.

The improvement at times under such adverse circumstances but indicates what such a people would do if given a chance by having a money system adequate to their needs. Perhaps they will yet learn to devote a portion of the time now given to business to observation of the legislation enacted which has too often been the means of baffling the hopes and crushing the aspirations of those most deserving. When they learn to trust no man or no party with office who worships mammon and legislates for the wealthy class at the expense of the people, then this country may be expected to take a stride forward such as it has never yet witnessed.

As an indication of this present improvement, wheat in June and July, 1895, was ranging about 75 cents a bushel. This was a big advance from the year before, but about 50 cents decline over 1872. The causes of this advance in the price of that cereal are not difficult to see. The wheat crop of the world has been less in the last five years than for the preceding five. As the population was steadily increasing, this made more mouths to feed and less of that staple with which to do the feeding. This, in a normal course of trade,

would have left a shortage of breadstuffs and raised the price. So great was this demand that in this country, according to official figures, there was retained less wheat for home consumption in 1894 than in any year since 1877. Of this the price was so low that the farmers fed large quantities to the hogs, believing it could be marketed more advantageously as pork than as material for bread. With this came reports of cold weather and drouth, with predicted short crops in this country, Europe and South America. The result was the enhancement of price, but these causes ought to have advanced it much higher. Less causes did it in 1855 and 1865, and why should they not have done it in 1895? The fact that they did not do so indicates something wrong, and that something is an appreciating monetary unit; for even with these favorable conditions it would have taken more bushels of wheat to pay our national debt than it would in 1866, and six times as many to pay the doubled salary of the President of the United States as it would have required twenty-eight years ago.

Other articles that have shown an advance may be susceptible to explanation similar to that of wheat. However, all persons should hope that the present improvement may open a period of great prosperity for the country. Certainly all true Americans earnestly desire the well-being of this Republic and rejoice at its advancement. For this reason we may well look over the conditions produced under the gold standard and demand the abolition of that standard.

In 1891 we had an upward movement of wheat, consequent on the increased use of silver and the failure of the rye crop of Europe, to such an extent that Russia

prohibited the exportation of that cereal. Prices in other lines advanced and the country seemed on the road to prosperity. Gold advocates like Cowperthwaite wrote books asserting that this returning prosperity was showing the arguments of silverites about low prices consequent on the gold standard false. His book had only briefly fallen from the press when the improvement ceased and was followed by the hard times of 1893 and 1894, in which prices sank lower than at any previous period in our country's history since 1850. In view of this fact the people can see for themselves who are the misleading teachers.

Finally the history of this country teaches:

1. That the prices of commodities have always been highest when the volume of money has been largest in proportion to our industrial development. In other words, abundance of money makes high prices and a small amount low ones.

2. That the currency should increase in proportion to the business development and not according to population. The \$7.60 per capita circulation in 1810 seems to have met the needs of the people of that day reasonably well, about \$13 was required in the thirties, \$15 in the fifties, \$20 to \$50 in the sixties and a much larger volume to-day.

3. That the failure of the government to provide sufficient money to meet the requirements of the people has led to extensive use of bank bills and other credits, and that our panics, contractions and checks to prosperity have been due to a total or partial collapse of substitutes for money created by the banks. In view of the proofs of this fact being so plainly written in our country's history, it would hardly seem the part of wisdom to allow bankers to dictate our financial policy.

4. That the tariff has been an important factor in promoting the development of our country, but the periods of high price and prosperity have followed more closely the volume of the currency than they have the tariff enactments.

5. That the single gold standard has given us the longest period of low and falling prices in our country's history. This does not present a hopeful outlook for the future, providing we continue that standard.

Whoever scans the history of our country will be impressed with the fact that the money we have had since the greenback era has been good in so far as it was a money that could be accepted with safety in any part of the Union, but *bad in that it has given us an appreciating dollar*. This was repressing to business, and our progress has been made not by reason of but in spite of this defect. The country was in the tide of prosperity in 1872. Demonetization and contraction checked that progress and instituted an era of business depression and stagnation which has been partially relieved by the effect of the high tariff and the silver purchase acts. Even with the favoring influence of the tariff our development has not been what it should have been, had we not struck a blow at our country's prosperity by the substitution of bonds for legal-tender paper and by the demonetization of silver. In other words, our industries languish, not from any failure of the mines, but from the acts of Congress induced by the money-lenders to enhance the price of the dollar.

OUR FINANCIAL DEPENDENCE.

CAN an approximate estimate be given as to the amount of our indebtedness?

Certainly. The United States interest-bearing debt, July 1, 1894, was \$635,041,890; the state, county, municipal and school district indebtedness in 1890 was \$1,185,210,442, and Poor's Manual gives the funded debt of the railroads in 1893 as \$5,570,292,613. In addition to this there are various private debts and corporations heavily involved. The aggregate of these long time debts has been placed at \$19,000,000,000. There are also still other obligations among our people which it has been estimated will bring their total indebtedness up to \$40,000,000,000. Of this amount over \$5,000,000,000 is held in Europe.

What is the total amount of gold money in the country?

It was given by the treasury department for July 1, 1895, as \$636,168,989.

What would be the consequence if we were compelled to pay our foreign indebtedness?

We could not do it. The entire stock of gold in the country is only a small fraction of our debt. It could all be paid out and still leave us heavily involved. The gold stock of the world is only \$3,965,900,000. Even if we had it all it would not be sufficient to pay our foreign debt.

What then is our position?

The man who owes and cannot pay is dependent upon his creditor. The same is true of nations. We are financially dependent upon Great Britain and can be made to sneeze every time John Bull takes snuff.

In what way can this be done?

Our bonds are in the old world, and whenever a money stringency there occurs all that is necessary to relieve it and squeeze us is to place those securities upon the market. Though the bonds may not be due, yet there would be profit in them and our capitalists might feel obliged to absorb those of the enterprises in which they are interested or a general destruction and demoralization of values would result.

Has this ever occurred?

Yes, in 1890. At that time England had invested largely in the securities of the Argentine Republic. The reserves in her banks were low. Russia made a demand upon the Barings for £5,000,000. The bank failed. A panic was precipitated. England was obliged to borrow from France, but immediately placed \$75,000,000 of our securities upon the market. The money went from this country to meet the demand. Prior to that call we had been prosperous, crops were good, manufactures were running at full capacity, workingmen were employed at remunerative wages, but when that cloud appeared upon the English sky all was changed. Business came to a standstill, a spasm of contraction spread from Maine to California and from the Great Lakes to the Gulf. In brief, where had been prosperity a panic with depression and paralyzed industries followed. Four million pounds would have saved the Barings. Through the want of it a violent convulsion ensued which shook all Europe, while as a

consequence of that failure the shrinkage of values in the United States alone is said to have been about \$2,600,000,000. Bad as this was, it was a mere bagatelle compared to what might have been. Had England called for more money than the \$75,000,000, it would have been met and universal bankruptcy in this country would have resulted.

Is not this condition one of great peril to the United States?

It certainly is. The Barings' failure sent the banks of New York City into practical suspension. Stripped of their gold, they did business with clearing-house certificates. No one can estimate the shrinkage of values that would have ensued, had England called for a greater sum of money, and yet the whole of our \$686,000,000 of gold and much more may be asked for at any time. Any one can see our peril who can appreciate the position of those who do business with money borrowed on call.

Did not England have a far worse panic in 1866 than that of the Barings?

Certainly. The panic of that year is ascribed to over-speculation. Overend, Gurney & Co. and many other bankers failed. The total failures aggregated the enormous sum of \$500,000,000. Unless compared to the collapse of 1825-6, shortly after the United Kingdom adopted the gold standard, when 770 banks stopped payment, the panic of 1866 was the most serious in English history.

Why did not that produce as bad results in this country as the one in 1890?

The reason is to be found in the different conditions. We had not yet developed that class of great financiers

who believe in moulding our monetary system upon the English standard. Gold, playing the coward and traitor, had deserted its country at the sound of arms and fled to foreign lands for safety. Forced by this desertion, we were compelled to adopt a purely American system of currency. The exigencies of the case demanded it, and largely disregarding the warnings of those who were wedded to "sound money" and "wholesome financial legislation," the greenback was used to carry on the most stupendous war of modern times. Had Congress totally disregarded the advice and wishes of the financiers and made these notes full legal-tender, the country would have been the gainer, but restricted as the greenback was it gave us a period of prosperity with which the gold standard cannot compete, met the issue of carrying on the war and saved us from being squeezed by the English panic of 1866 and suffering a destruction of values that would have equaled or eclipsed the cost of the war. Differently stated, at that time our debts were largely to our own people, and were being used as currency to conduct the business of the country.

What were the causes of the panic of 1893?

Australia had piled up an indebtedness of about \$890,000,000. In Victoria with 1,140,000 inhabitants the annual interest was about \$14,000,000, or \$13 per capita. This immense government debt and interest, to say nothing of private debts, was a tremendous drain upon their resources. Also their imports exceeded their exports. The deposits of the government of Victoria fell in three years from \$17,000,000 to \$3,000,000, while the indebtedness of the banks increased. The coinage at the mints of Melbourne and Sidney fell off, as most

of the gold was exported to England. Such a condition could not last, and on Nov. 30, 1891, the crisis broke in the financial circles at Melbourne. This continued until banks of issue had failed in that city alone with liabilities of over \$300,000,000. Such a crash in a city about the size of Baltimore startled the financial world, and set the resources of England afloat to the rescue of her suffering dependency. A little later the giant banks of the remainder of Australia were falling one after another. In the effort to save her doomed continent England curtailed her purchases and placed large volumes of our securities upon the market. The financial crash in Australia began Nov. 30, 1891, and two months later, in February, 1892, our gold began to leave us. In the next five months our net exports of the yellow metal were \$33,839,000. As this outflow changed to an inflow, Austria-Hungary adopted the gold standard, August 2, 1892, and contracted with a bankers' syndicate for \$150,000,000 for resumption purposes. The floating of this loan sent others of our securities home, so that from June 1, 1892, to June 1, 1893, our exports exceeded our imports of gold \$102,440,396. Taking advantage of the shortage of money thus created, as J. W. Shuckers has shown in his "History of the Panic," the New York bankers, apparently with the approval of the administration at Washington, entered into a conspiracy to give the people an "object lesson" by "squeezing the South and West." Though started in foreign lands, yet in this country the panic would not have reached the dimensions attained, had it not been for the course the banks adopted and pushed to secure the repeal of the purchasing clause of the Sherman law and thus place us in a condition of more complete financial subserviency to England.

Conjoined with this action by the banks was the conduct of the gold advocate metropolitan press. Instead of giving their readers the facts as to the cause of the gold export, these papers stated that the yellow coin was leaving because foreigners lacked confidence in the United States and feared for their investments through a belief that we were drifting to a silver basis. It was declared that England was becoming alarmed lest we should be unable to continue gold redemption and was hence sending our securities home. In fact, every kind of specious argument was used to scare the people and destroy public confidence in all our money except gold.

However, these assaults upon our national credit promised to prove futile. Notwithstanding them, in June, 1893, the export of gold virtually ceased. That month our net exports were only \$1,701,544. The next month this changed to a net import of \$5,776,401, which in August rose to \$40,622,529. The cause of our financial trouble was thus being removed and the probability was that the nation would soon emerge from its depression. Alas! these promises were rudely blighted. In July, just as our gold began to return, President Cleveland called an extra session of Congress. This met in August, the very month in which \$40,622,529 came back, and instead of adjourning and going home proceeded to legislate for the benefit of England by repealing the purchasing clause of the Sherman law. This remedy for a money stringency of cutting off a part of the money supply was like treating a man who was starving through want of sufficient nourishment by depriving him of part of his food.

That the Sherman law was not responsible for our

gold leaving was evidenced by the fact that the outflow had changed to an inflow prior to any measures being taken for the repeal of that law. That it was not the cause of the panic is shown by the greatest tension upon the business of the country having been in August, months before its repeal, and that prior to the repeal of that act, and when it looked as if it would not be repealed, the national banks had increased their reserves, deposits and circulation, money was becoming easier, and a number of industries that had suspended had actually resumed operation. There was, therefore, no justification in the panic for the repeal of the Sherman law, as the allegations that it was the cause had been proven false and the country was actually emerging from its condition of financial depression.

Equally absurd is the claim that the fear of free coinage of silver was the cause of that panic. This is evidenced by the fact that the money hoarded was for the most part paper, which in the case of free coinage would be redeemable in silver. It was not as a rule the common people who did the hoarding, but bankers and moneyed men, and the man does not live who ever knew of bankers and moneyed men anywhere on the earth ever hoarding an unsound currency. The men who did the hoarding knew perfectly what they were doing when they used this means to force the repeal of the Sherman law and compel the government to issue bonds.

What is the method by which the Bank of England increases its gold reserves?

This is done by contracting its issues and increasing the interest on deposits. The effect of the latter is the same as paying a premium for gold. Hence a change in the rate of interest by that bank indicates a varia-

tion in the price of the full legal-tender specie of the realm. Prior to 1816 this was both gold and silver. Since that year it has been only gold.

Has the Bank of England often changed the rate of interest?

The report of the Money Commission for 1876 says: "The rate of interest of the Bank of England was changed 223 times in the twenty-seven years beginning with 1847, and the range of fluctuation was from $2\frac{1}{2}$ to 10 per cent. In the 122 years preceding 1816, when the gold standard was adopted, there were only sixteen changes and the rate never fell below 4 or rose above 6 per cent." These interest changes, being an index pointing to a fluctuation in the price of money, show that bimetallism gave that country a more stable circulation than it has had under monometallism.

Has England been subject to panics?

Yes. She has been pre-eminently the land of money crises and panics. Probably no country in the world could approximate her in the number and seriousness of her monetary disturbances.

Would this indicate that money crises are associated with and consequent upon the gold standard?

Such would seem to be a legitimate inference. The gold would in itself not create panics, but a deficiency of real money would cause an over-expansion of the credit system. Gold not being produced in sufficient quantity for the demands of trade, the latter would result. Being founded on nothing but confidence, anything that impaired the public confidence would beget a money crisis. For this reason England has probably had more of such financial disturbances than any other country. As a creditor nation she can relieve her

financial straits by drawing on other countries and her drafts fall mainly upon the United States.

Under existing conditions, can the Bank of England at any time deprive us of our gold?

Yes. All she needs to do is to raise the rate of interest a little to cause a flow of the yellow metal to her coffers, for she is the financial center of the commercial world. She might, even as she has already done, offer a premium for American gold. Alarmed at any time lest some nation may check out its deposits, she is liable to apply the interest screws and draw from us an amount sufficient to paralyze our industries. Financially we are not independent, but are under a system that compels us to bow and scrape whenever John Bull demands it.

How can the Bank of England check the gold out of our national treasury?

A large portion of our national bonds are held in Europe. A small increase in the rate of interest on her part would cause such securities to be placed upon the market to get money for deposits. To have these go begging for purchasers might shake the credit in our government and affect the stability of our paper money. Aside from this, Americans will find such securities profitable and will therefore purchase them. However, this will leave our capitalists short of gold. To secure it they could dispose of bonds for paper money and present the same to the Treasury Department for redemption in the yellow metal. Thus indirectly the Bank of England could draw from this country not only the amount in circulation, but also check out our gold reserve. In view of this condition, one cannot fail to see how well our financial system is framed to meet the

needs of Europe whenever she chooses to make a demand upon us.

Was not something of this kind done in connection with the first issue of bonds under President Cleveland?

It would seem so. Our gold reserve was decreasing. To replenish it \$50,000,000 of bonds were issued. Temporarily this increased the stock of gold in the treasury, but the \$189,162,322 there on July 1, 1893, had dwindled by July 1, 1894, to \$181,816,471. This shows that the aggregate of yellow coin had not been increased by the amount derived from the sale of the bonds. However, the following figures indicate what had occurred: July 1, 1893, our national treasury contained \$27,621,590 of United States notes, while \$319,059,426 were in circulation among the people. July 1, 1894, there were in the treasury \$80,091,414 and only \$266,589,602 in circulation. A person looking at the significance of these figures cannot fail to see that the issue of bonds had transferred fifty-two millions of these greenbacks from general circulation to the vaults at Washington. In other words, we had simply converted fifty millions of a non-interest-bearing debt into an interest-bearing obligation. Our nation had borrowed the gold, but the sharpers who loaned it had both the gold and the bonds.

Could not the entire \$804,606,485, the amount of our national currency in circulation exclusive of national bank bills, be thus used to deplete the treasury of gold?

It probably could. The only possible exception is the \$321,553,171 of silver certificates. These simply call for so much silver. The government is not obligated to redeem them in gold. However, from the manner of ostensibly endeavoring to maintain a parity

between the two metals it is probable it would do so. To refuse gold for the silver certificates would be a discrimination against the white metal which our financiers would probably consider destructive of the parity. Aside from this the silver certificates are not legal-tender. They pass at par because the government is willing to accept them in payment of debts and also for duties and revenues. If the treasury officials refused to exchange gold for them, they as well as all our silver money could be used in paying obligations to the government. By utilizing them for this purpose they could prevent the yellow coin reaching our national treasury, and would thus be indirectly as fatal to its stock of gold as if directly redeemable in that metal.

What, then, is the financial position of our government?

The position of a bank with abundant resources, not readily available, with \$804,606,485 due on call and only \$155,833,932 in its coffers with which to meet it.

How could the government be placed in a more stable financial condition?

By the full restoration of silver to the position as a money metal which it occupied prior to 1873. All our national obligations are payable in coin. When they were contracted they were payable in lawful money and the government has a legal, as well as moral right to pay in either metal. This was understood when in 1869 the war debt was converted into a coin-payable obligation. When that debt was incurred, had the creditors been given a choice it is probable they would have preferred silver, as that was then the more valuable, but they were not. The government has never stipulated to pay gold, but coin. All our obligations can be hon-

estly met in silver or gold. We never agreed to pay the dearer dollar. It is only subsequent legislation that is forcing that necessity upon us and we have a perfect right to undo that legislation and settle in the terms of the contract.

This being so, note where we stand. July 1, 1895, our national treasury contained \$512,388,751 in silver and silver bullion. The restoration of the white metal to its position as a money equal to gold would make this immense sum available to meet our outstanding obligations. It would give us instead of \$155,000,000 the stupendous sum of \$668,232,688 to meet the \$604,606,485 of demand liabilities. It would relieve us of the necessity of mortgaging this country to the Rothschilds to get gold, and go a long way toward placing us in that position of financial independence among the nations which we ought to hold.

We are not born in subserviency. There was nothing of truculent sycophancy in the men of seventy-six. Our revolutionary sires who struggled and shed their blood to free this land from British domination, would blush in shame could they look down on these degenerate days and see their debased offspring in the land of their inheritance, beneath the sheltering folds of the stars and stripes, the glorious emblem of liberty, justice and equal rights, truckling to England, borrowing her money system, mortgaging their birthright, selling their country and blighting the hopes of humanity for English gold.

CORNERING THE GOLD.

How much gold is in this country available for monetary purposes?

July 1, 1895, the treasury officials placed the amount at \$636,168,989.

What amount of gold and gold-bearing money is possessed by the banks?

The Comptroller of the Currency gives the amount for July 18, 1894, as follows:

Gold coin.....	\$133,398,786
Gold Treasury certificates.....	40,560,490
Gold (clearing house) certificates.....	34,023,000
Legal tender notes.....	215,233,046
U. S. certificates for legal tenders.....	50,045,000
Unclassified cash.....	140,142,094
Total.....	<u>\$613,402,416</u>

The unclassified cash may not have been all gold or paper calling for gold, but, as the silver had a separate classification, it is probable the greater part was so and it is therefore included. The figures indicate that the gold and gold-bearing paper in the banks call for nearly all the gold in the United States. As all the banks in the country are not included in the Comptroller of the Currency's Report, it is probable that the cash on hand in the entire number would be equal, if their paper was turned into gold, to placing all the yellow metal in their vaults and still demanding more.

Then could not the banks corner and lock up the gold?

It would seem that they could. By a combination or secret understanding like that in 1893, when it was understood that the banks in different parts of the country were culling from the money handled, and sending to New York the greenbacks to be used in drawing gold from the treasury in order to force a bond issue, they could convert their reserves into gold. They might do even more than that. By a combination the silver certificates could be gathered up, sent to the proper points and turned into the government in payment of revenues, as was for a time done after the passage of the law of 1878. They could thus largely prevent the government receiving anything but silver for its customs and revenue duties. As the government uses checks in paying pensions, official salaries, etc., these checks go to the banks, and the banks could use these and the legal-tender to draw the gold from the treasury. By hoarding the gold received and keeping that instead of the money now held as reserves, the banks might in time control nearly or quite all the yellow coin in the country. Obviously such a combination could force the government to borrow on its own terms, and continue the process until it had driven not only the silver, but the greater portion of the government paper money from circulation.

To what extent could the banks thus compel the government to increase its bonded or interest-bearing indebtedness?

Approximately to the amount of its paper and silver money, or about eight hundred million dollars.

How could the possibility of such a combination be prevented?

By the government paying its creditors in the same

kind of money it accepts from its debtors. If that were done, the banks could not contract the currency by forcing silver or paper into the national treasury, because the government would pay it right out again.

Suppose a combination of money-dealers should thus corner the gold, what would become of a man with a gold payable contract falling due?

He could not pay unless he could make terms with the gold trust. Otherwise his creditor could take all his property. Rather than sacrifice this he would probably pay almost any price for enough gold to get out of the hole. In a word, the money-dealers would have him at their mercy.

What per cent of the business of the United States is done on a cash basis?

About three per cent. The debts of this country are nearly thirty times its circulation. A shrinkage of four per cent in credits would cause one of the worst panics known, because it would create a demand for money to meet those credits. It would take all the circulating money in the country to do it. This could not be had, because some would be needed for other purposes. Consequently money would become scarce. Many men could not obtain it to meet their obligations and would be driven to bankruptcy. Others would take fright from those who failed. Every failure would thus increase the demand for money. Every creditor would be after what was coming to him for fear he might lose it. The debtor would be unable to pay and hence be forced to sacrifice his property. Things would go from bad to worse until the whole system of credits might disappear and the property pass into possession of the creditor class.

The money-dealer understands this. Consequently he encourages people to run into debt. He lauds the system of credits as stimulating business. It is the old fable of the spider and the fly. It is easy to become enmeshed, but difficult to escape. Seduced by the money dealer's wiles, the system of credits piles up. Business is booming. The nation seems to be prospering. Alas, delusive prosperity! The money-dealer is but sowing that he may hereafter reap. He knows how fickle is the whole fabric of this credit. He sees others producing, but knows the crop will be his. The vaster the credits the more he will finally gather in. When enough has been produced he contracts the currency and then comes his harvest. In the panic begotten of contraction, public confidence in one another is destroyed. Cash in settlement is demanded and cannot be had, because the money-dealer has locked part of it in his vaults and frightened others into hiding theirs through fear that it may be lost. The debtor, hopelessly enmeshed, has but one thing to do. He is compelled to surrender more and more property to satisfy the demands of the avaricious creditor. He is as helpless as a man in the toils of a boa constrictor. His insatiable creditor knows no mercy until the transfer of property is effected. Having gorged himself to the utmost extent with the product of others' labors, the creditor unlooses his cash, confidence is restored and business starts again, only to repeat the same cycle.

Credits are, therefore, like the demonetization of silver, a scheme to transfer the rewards of labor into the non-laborer's hands. While accumulating they facilitate exchanges and to some extent enhance prices, but in the final crash they disappear. Just when they

are most wanted they are not to be had. The only thing that can be depended upon in time of a panic is the money of ultimate redemption. Everything else is liable to be swept away. Hence, whatever may have happened in periods of prosperity, in time of a panic the volume of basic money is the arbiter of prices.

From the above it must not be inferred that all money-lenders desire these periodical panics. On the contrary, some of them are noble men who have the good of humanity at heart. Such men, however, are not able to control events. They are not the ones who secure vicious legislation and then take advantage of that legislation to exploit the producing classes. Even those who plan to thus take advantage of their fellow-men may not be naturally bad, but are developed by the system. The fault is in the system which allows such things and it should therefore be abolished.

What is basic money?

It is that kind of money which is not redeemable in any other kind of money.

Are all other kinds swept away in times of a panic?

Usually not, but they cannot be depended upon. Let us suppose an island with such a money system as ours, and with five hundred million each of gold, silver and paper circulating. There is not money enough and as a result credits come into use. A dozen men worth a hundred million each convert their property into gold, which they lock up, and for what the gold will not cover they take gold-payable contracts. The time of payment comes. The debtors try to secure the gold to meet their obligations, but it cannot be had. Their creditors have put it all under lock and key. What is the result? The debtors cannot pay and the creditors take

back the property. In other words, they have, at the end of the time, the gold and the property. It is evident that the same thing might be done without the gold contract, providing the various kinds of legal tender could be forced out of circulation in some such way as ours could. That a combination would not be formed to carry it to this extent is true, but the supposition illustrates what might be done, and thereby shows how the prices could be directly fixed by the money of ultimate redemption. In actual practice a combination in a country like ours can only be made partially complete. Also the panics are usually not pushed to the point that all credits disappear. If they were, the people would detect the cause and could not be caught again. It is, therefore, to the money-lender's advantage to have periodical panics alternate with periods of prosperity. In the latter periods the people toil and labor, and in the former turn over to the money-lenders the products of their labor.

Is such a condition necessary?

No. There is no trouble of a financial nature from which the people in this country suffer which is not the offspring of legislation.

Under whose leadership has such legislation been enacted?

The eminent financiers.' Proposed laws are usually submitted to a handful of men who are owners of credits. If these eminent gentlemen, who are supposed to know everything about the subject, approve, the proposed statute can be enacted, but otherwise not. Of course they are interested in exalting the value of credits and securing legislation that favors the money-lenders. Credit is their property or stock in trade. It

is therefore not strange when these credit-mongers are allowed to thus dictate, that our financial policy should afford them opportunities to plunder legally, and that credits should be exalted above the value of humanity, equal rights, the ability to earn a support, or even liberty. In legislation the people are at the mercy of those who happen to have gold and who make a business of dealing in credits. The money system of the nation is not such as the people want, nor adapted to the country's industries, but such as will please the credit-mongers. When men learn to use their ballots intelligently, then this condition will be corrected, but not before.

Since the gold standard may thus be used to produce periodical panics in which the debtor class can be legally robbed by their creditors, what do its advocates mean when they urge its retention in order that our country may have the "best" money in the world?

The term "best" is misapplied. It is the wrong word and conveys a false impression. What is meant is the *dearest* money,—the money that costs the people the most toil and sweat to obtain, that is so limited in quantity as to become constantly dearer and dearer, and that can be most easily cornered. The term "best" is used because it appeals to the people's sense of fairness and pride in their country, while if the correct term were used to designate the system the people's sense of fairness would brand it as iniquitous. The term "honest" money is also thus misapplied, but no money is either good or honest that compels a debtor to give a constantly increasing amount of labor products to liquidate a fixed amount of indebtedness.

During the civil war we largely ceased to use gold,

and until we began to contract the currency, thus increasing its value and restricting exchanges.

The country had no tramps and the word to designate them was never used in our literature.

Merchants were prosperous.

The people had plenty of money and business was largely done on a cash basis.

Business failures were infrequent.

Factories were springing into existence and all run to their full capacity.

Labor had no trouble in securing employment.

Strikes and labor unions were unnecessary to prevent a reduction of wages, as these constantly increased.

Mortgages on farms and other debts rapidly disappeared.

The families of working men were well fed, clothed and housed and their children usually in school.

The men engaged in productive industries were rapidly acquiring homes of their own.

The term "dude" was never heard, as that genus of English bipeds had not yet appeared in America.

Contrast with that the condition under the gold standard and you see what a misnomer the word "best" is. That system of money and that *only* is good which conduces to the *general* prosperity of the people of a country.

However, a system of money that enabled the people to be comfortable, happy and prosperous, gold advocates would probably not consider good money, but bad money, and the greater the prosperity it produced, why, the worse they would think the money. On the contrary, the more misery and wretchedness it produced, why, the better the money would appear to them. For

this reason gold, from that standpoint, would be the best money, because the gold standard has been the cause of more misery and suffering than any other that the spirit of greed has been able to devise.

Is gold loaned when a gold-payable contract is taken?

No. The business is mostly done through the banks. The money that the borrower receives is usually silver or paper.

Then is not the kind of money loaned good enough to pay the debt?

The money-lenders seem to think not, otherwise they would not have the cheek to ask for gold contracts when gold is not loaned. The people appear to agree with them, otherwise they would not be foolish enough to give such contracts when the yellow coin is not borrowed.

What is the advantage of having a contract made payable in gold?

It is easier to corner the gold than it is all the money. This furnishes an opportunity to squeeze the debtor. There is another advantage. The farmer who borrows money expects to pay with his crops. He sells these and takes his pay in the money current in general circulation. This is paper and silver. When he goes to pay his debt, the money broker can call his attention to the gold clause and charge a premium for the difference in the money, as the press have stated was recently done in some of the western states where it is customary to loan money and take gold-payable mortgages, though when loaned to the farmer it was not money, but bank credit in the form of national bank bills.

What would be the effect upon gold contracts, if this nation should adopt the free coinage of silver?

It would make it easier to pay them. This would be true whether gold went to a premium and left the country or not. The demand for gold is far in excess of the supply. Consequently the price is high and increasing. The larger use of silver would take the place of so much gold. This would diminish the demand for the yellow coin and tend to make it cheaper.

Suppose that all the gold in this country should leave it, which it will not do, but suppose it should, where will it go? Why, to other lands, of course, and increase the stock there. As a result there would be the same demand and a larger supply. Consequently the tendency would be to send down the price. The farmer buys the gold to pay his debt with his crops, and the less the demand for gold the more he will receive for what he has to sell. In other words, it would be better to have gold at a premium than everything else at a discount.

The danger to our currency comes from floating a circulating medium out of all proportion to our redemption ability. That is far more likely to drive us to a silver basis than would the opening of our mints to the white metal. Our danger is in the direction of panics and corners on the gold that withdraw it wholly from circulation. This might force the government to use silver, but under bimetallism neither metal could drive out the other without replacing it, and the supply of silver does not warrant the belief that that could be accomplished.

Under our present system money is not the tool of industry, but its master. A few men have great power, the power of creating panics. A combination to lock up the gold may at any time prostrate the business of

the country. Panics never start in the industrial, but in the financial world. Money at such times is always stringent, though it might have seemed abundant in periods of prosperity. This indicates that there is not enough. Also when gold alone is used as the basic money of commercial nations a disturbance at the money center of one reacts upon all the others. Conjoined with these is the fact that men admit bankrupt laws are necessary about once in a decade to clear away the financial wreck. Our trade relations are so interdependent that when one business concern is involved, others may be ruined. Creditors often force debtors to make fraudulent bills of sale to swindle other creditors. These are the necessary concomitants of the credit system, and there is certainly nothing in them to induce a retention of that system.

Macleod defines banks as "credit shops or places where credit is bought and sold." This for a time stimulates business, but these credits are like a stream that dries up in periods of drouth. Just when they are most needed is the time that they vanish. To secure permanent prosperity a permanent volume of circulation is required. Whenever money has been issued and put into circulation it should be incapable of being turned aside and made to disappear, or there will follow the paralysis of every industry that was sustained and encouraged by its use. The talk of an elastic currency, however desirable, is like chasing the will-o'-the-wisp, impossible of attainment and leading into the financial morass. Money once thrown into circulation should never be withdrawn, and what is needed is not only money enough to effect exchanges, but of that kind which will not desert us in the hour of need.

THE MINE-OWNERS' LOSS AND GAIN.

WHICH is the greatest silver producing country in the world?

The United States of America. It produces about as much as any other two countries and furnishes about two-fifths of the world's supply.

How long has our country been furnishing this proportion of the world's supply?

Since 1872.

Prior to that did we produce much silver?

In the early part of our history the output of our mines was very limited. We found it necessary to import silver for money purposes. Up to 1857 our total output did not exceed \$50,000 in any one year. Then it began to increase and was \$2,000,000 in 1861, and reached \$28,750,000 in 1872. Prior to and including 1872 our total production of the white metal was \$154,900,000, and our coinage \$148,458,550.70. This takes no account of the amount used in the arts, so it may be fairly stated that our total production up to that time had not equaled our consumption. Of course this would not be true for the later years of the period, but it would be for the whole of it taken collectively.

Then the United States demonetized silver at a time when it was becoming the great silver producing country of the world?

Yes.

Which is the more valuable, our gold or silver output?

At its coinage value our gold production in 1898 was \$35,955,000, our silver \$77,576,000. The silver is more than twice the value of the gold.

Is the gold production of this country increasing or diminishing?

It is decreasing. It was \$65,000,000 in 1853, \$53,500,000 in 1866 and \$35,955,000 in 1898. Of course it varies up and down somewhat, but on the whole is declining, a fact which indicates that our gold mines are being exhausted.

Is the supply of gold produced in the United States equal to the demand?

Since the resumption of specie payment in 1879 we have imported \$579,000,000 and exported \$575,000,000 in gold. This indicates that our nation is producing very nearly, but not quite, its own supply of gold. The following figures for our country from 1880 to 1898 inclusive, are equally instructive.

Amount of coinage.....	\$553,239,707
Recoinages.....	187,393,388
Coinage less recoinage.....	\$365,846,319
Used in the arts.....	205,584,466
Total consumption.....	\$571,430,785
Production during same period.....	464,750,000
Excess of consumption over production.....	\$106,680,785

Here are figures gathered by compilation from the Mint reports that show an excess of consumption over production of \$106,680 785 in this country in fourteen years. In addition to that, the use of gold in the arts is increasing and our production decreasing. This would render the amount available for monetary use less with the lapse of time, while our growing population and industries need more. This indicates that

while our output has not met our requirements in the last fourteen years, it will be more deficient in the next fourteen, and that a large part of our consumption will be imported.

Is not the gold shipped from one nation to another, money used to pay balances in trade?

No. There is no international money. Gold is a money metal, that is all. Whether coined or uncoined, when exported and imported it loses its identity as money and goes upon the market as bullion. It is used to pay international balances just as any other article of merchandise might be. Whatever commodity is cheapest will be selected for this purpose. Gold is usually chosen from the fact that it can be readily converted into money and contains large exchange value in small space and can therefore be shipped to better advantage. However, it will not be received by any country in which a demand for gold to use does not exist, as in that case it would be worthless.

Then do we sell silver and buy gold?

Such seems to be the fact. It appears to be the only construction that can be drawn from the figures in the official reports.

In view of this condition is it not to our advantage as a nation to cheapen the price of gold and enhance the price of silver?

Certainly. A farmer will gain by high prices for wheat and low ones for the things from the store. For the same reason this nation would profit by high prices for silver, which it has to sell, but can look with indifference on that of gold, of which its production nearly equals the amount used.

Has our legislation been calculated to have this effect?

It has been just the reverse. So long as we were importing silver for our own use we gave it free coinage at our mints and kept up the price, but when the United States became great producers and exporters of the white metal we demonetized it. Differently stated, while we were buying silver from other nations, our legislation was calculated to maintain or enhance the price, but when the conditions changed and our people had it to sell, our legislation was of a character that was certain to depress the price. This may have been great financiering, but people with good horse sense are apt to consider it the height of folly.

Has any good reason ever been given as to why silver was demonetized?

There was none. Silver was then at a premium over gold. None of the excuses for favoring gold as a money metal that have been since alleged could then be used, because the facts with which every one was conversant would show their falsity. There could be no overproduction claimed at that time and there was no difficulty in maintaining the parity, because, under the law of bimetallism, it maintained itself. *Legislation broke the parity* and destroyed the commercial relation between the two metals, and when that was accomplished the results of that vicious legislation were falsely ascribed to an overproduction of the white metal.

What about the arguments against the restoration of silver to coinage rights?

They are the arguments of the creditor class and men who favor that class. Their whole contention may be summed up in this: Having fraudulently and surreptitiously demonetized silver in 1873 and thereby increased the value of credits, it would be very wrong to

restore silver and thereby undo what they had done. It is like the cashier who robbed the bank objecting to his key being taken away on the ground that it would prevent him from stealing any more.

Admitting, as any candid man must, that the demonetization of silver was an infamous and disreputable transaction without a single fact for its justification, what do these apologists for those who committed that outrage propose by way of reparation? Nothing, absolutely nothing! They tell us it will unsettle business and change values to restore silver. Did not, then, the demonetization in 1873 unsettle business and disturb values? Certainly there can nothing be accomplished by the restoration of silver except to undo what was done by its demonetization, and as these gentlemen were not afraid of such things then, their horror now seems a little inexplicable. The fact is that this talk about unsettling values and business is all put on. The real meat in the cocoanut is, they see that the creditor class have opportunities for unjust gains under the gold standard and object to that class being deprived of those gains. Such crocodile tears as these gentlemen affect for the poor pensioners are amusing; especially when it is remembered that the most bitter opposition to the payment of pensions has always come from the money centers. Not that these gentlemen have any hostility to the soldiers, but under the system the government pays out an amount of money every three months which goes into general circulation and which it is impossible for them to corner.

Silver advocates do not propose to interfere with any investments already made. They do not intend to deprive the creditor class of their enormous and unjustly

gotten gains, but they do claim that when they come to pay the balance of those credits, whether United States bonds or otherwise, they shall not be compelled to pay in a dearer dollar than the one now in use, and more than double the value of the one in which the debt was contracted.

Then is the present price of silver due to its demonetization?

There should be no doubt that such is the fact. Had gold been discriminated against in the same manner that silver has, it would have fallen in the same ratio that silver has fallen. However, a truer mode of stating this would be to say that silver has fallen but little, and that its apparent decline is due for the most part to an advance in gold. This being the money unit all prices are compared with it, and when it advanced it gave the impression that silver and everything else had fallen. Though the latter is incorrect, yet as it is the customary mode of speech, with which the people are familiar, it is better to adhere to it and refer to silver as having fallen; for while this mode of expression is incorrect, yet it will be more readily understood.

If, then, it is to the advantage of the United States to have silver dear and gold cheap, is there any country in which these conditions are so different that her people would gain by having dear gold and cheap silver?

Yes. England.

Why?

Because her dependencies produce about one-half of the world's gold and only one-eighth of the world's supply of silver. Also she is the great creditor nation of the world. A dear money unit will enhance the purchasing power of the interest she receives. Her

people are large purchasers of American silver. She has used it in the arts, to replenish her coin and to purchase Indian wheat. On the latter point one of her economists, Mr. Moreton Frewen, in a discussion of bi-metallism in 1891, was quoted in the Journal of the Society of Arts as saying that when he was in India he "satisfied himself, and the figures had been amply confirmed by other writers, that the wheat grower in the Punjab could afford to sell his wheat in Mark Lane at 22 rupees (\$9.78) a quarter (eight bushels); now when the rupee (44½ cents) was worth two shillings, that would be equal to 44 shillings a quarter; but it followed that with the fall in the price of silver the price in Mark Lane must also fall. To-day if Indian wheat was sold for three half-sovereigns, those three half-sovereigns would exchange for 28 rupees; so that each fresh fall in the price of silver was necessarily followed by a fall in the English price of wheat. It made no difference to the Indian grower, who knew nothing about gold prices, but it made all the difference to the farmer in Dakota and Minnesota; and if the rupees fell to one shilling without losing its purchasing power in India, wheat would certainly be sold here for twenty-one shillings a quarter."

Here was an Englishman speaking to Englishmen and without any expectation of his words being repeated on this side of the water. In plain language he points out how his countrymen were gaining by cheap silver. They were buying it from us for half what it was worth and then using it to pay the Indian farmer for his wheat. It made no difference, as Mr. Frewen says, to the latter, because he knew nothing of gold prices, but the difference fell on the American farmer.

Differently stated, by just as much as she could depress the price of silver—by just that much England could get her breadstuffs cheaper and take it out of the price paid to the American farmer.

With the money thus obtained the Indian farmer is prosperous and there is every reason why he should be. Translated into our measures and monetary designations the Indian exports of wheat were valued at \$1.08 per bushel in 1872 and \$1.45 per bushel in 1898. Her farmers' products of rice, linseed, spices, coffee, wool and jute have also advanced in price, while opium, tea and cotton have fallen. The drop in the last of less than ten per cent contrasts strongly with what has occurred in this country, where that staple has declined nearly 200 per cent. What the Indian farmer loses on cotton he more than makes up by the 34 per cent advance on his wheat. His taxes, debts and wages are paid in the same silver coin for which his crops are sold. He is therefore as well or better off than ever before, and he can hire more native laborers, whose wages are paid in this same silver coin, and thus produce more and more to drive our farmers from the world's markets.

True, India has closed her mints to silver, though it is still her monetary unit. However, she continues to use for various purposes large quantities of the white metal. Her net imports of silver for 1898-4, the fiscal year following the closure of her mints, were \$65,177,-676 as against \$60,934,726 for 1892-3. As long as she is consuming an increased amount of silver and buying it at her mint prices, it matters not whether she coins it or not so far as its effect upon our trade is concerned.

What is true of India as our competitor is also true of Russia. With her silver ruble her wheat advanced from 10.15 rubles per chetwert in 1872 to 10.56 rubles

in 1891, the last year for which I have the figures. The Russian farmer had also the advantage of higher prices in 1891 than in 1872 for his rye, barley, corn, oats, flax, hemp, groats and horses, and is correspondingly prosperous. However, it is not only in India and Russia but in other countries also that England uses silver to turn and control the markets against us. From South America she secures wheat, wool, hides and a host of commodities, and uses the difference between the silver prices in those countries and the gold ones in ours to force down prices and compel the American farmer to sell at ruinous rates. Why, we never heard of India, South America or any other nation as competing countries with us for farm products until after we opened the way for their competition by the demonetization of silver.

To the same purport the London Statist, which is probably the ablest advocate of gold monometallism in the world, marshaled the trade statistics of 1894 as conclusive proof of how the single standard was benefiting England. The figures exhibited proved beyond question that England had gained \$300,000,000 more by buying her food and raw material cheap than she had lost by selling her manufactured products at a low rate. The same paper called attention to the fact that the present financial condition and monetary standard were vastly to England's advantage because she was the greatest creditor nation in the world.

Have not our people some gains corresponding to those of England?

The money-lenders have, but the farmers, manufacturers and miners who furnished the cheap products have lost. It is evident that as we have few money-

lenders in this country but are great producers, taking our people as a whole England's gain has been our loss. Our interests are the reverse of hers. Instead of the advantages that accrue to creditors we are a nation of debtors, and it is to our interest to cheapen the money unit, while it is England's to enhance it. Our gain would come from cheap dollars, for, as a debtor nation, it would enable those debts to be paid with a smaller amount of products.

Have not the mine-owners been greatly injured financially by the demonetization of silver?

They have. One state, Nevada, has been almost ruined. Its population has decreased, because its mines were rendered unprofitable and people have left it to seek a home elsewhere. However, the silver mine-owners' loss has been a mere bagatelle compared with the losses of the rest of our people. They have lost by the reduced price on \$77,000,000 of silver in 1893, but that same year our iron miners lost by the reduced price on \$84,000,000 worth of pig iron, while the total valuation of all kinds of our mineral production was \$609,819,495. WE HAVE DEPRESSED THE PRICE OF ALL OF THESE PRODUCTS, AS ALSO THOSE OF OUR FACTORIES AND FARMS, IN ORDER TO GIVE A FICTITIOUS VALUE TO GOLD, of which we produce only about \$35,000,000 a year. Verily our financial policy is in wisdom akin to that of the man who spent a day, in which he might have earned a dollar, hunting for a common brass pin, the value of which was only a fraction of a cent.

The mine-owners have suffered in the same way that other classes of our people engaged in productive industries have suffered. The general trend of prices has been downward. Other commodities have tended to follow silver. The farmers have suffered far more than

the mine-owners. They have lost on over 400,000,000 bushels of wheat, to say nothing of their live stock, cotton and other crops. The mine-owner's loss has been only a small fraction of what the farmer's has been, because his crops so much surpass the mine-owner's product in value. The farmer had more to lose on, and for this reason has lost more. Consequently the men who try to induce the farmer to oppose free coinage of silver because it will benefit the mine-owner, do not credit him with ordinary intelligence. They believe the farmer can be induced to let his prejudice run away with his sense, and that he will cut off his own nose to spite somebody else. The farmer, with the good sense that he possesses, knows that, as he has suffered the most by the demonetization, he will profit the most by the restoration of silver.

But it is not the farmer and mine-owner alone who have been injured. Instead, all men engaged in productive industries have been compelled to suffer loss by selling cheap. Manufacturers and merchants have been forced to dispose of their stock on a falling market. Aside from the farmer it is an open question as to which has suffered the most, the mine-owners or other business men and producers. In this respect the mine-owners do not stand alone, but gain or lose as the people generally gain or lose. In another respect capitalists who own the mines have an advantage. They are large employers of labor, and if their business is made unprofitable they can hold down or depress wages and thus throw the loss upon those whom they employ.

Would not the remonetization of silver put money into the pockets of the mine-owners?

Yes, and it ought to be done. Their product has been discriminated against and depreciated by legisla-

tion. That was wrong and ought to be undone. We have favored gold at the expense of silver. That was class legislation and an outrage. Having for twenty-two years by the rankest kind of class legislation put money in the pockets of the owners of gold mines, why should we not do as much for those who own the silver mines? One is just as good as the other. Neither class should be shown favors. The law should treat both alike, and in so far as it has discriminated in favor of one and against the other it should be corrected. Another fact is that when the silver mine-owner gets a profit he does not charge it to the people of this country. What he obtains, however much it may help him, hurts nobody, except the creditor class in depriving them of the chance to obtain fraudulent gains. Certainly a government, which in 1890 bonused its sugar-growers, need not be afraid of doing something that will benefit its silver producers. In addition to this it should be remembered that the silver miner does not stand alone. As the demonetization of his product depressed prices and injured the people generally, so its restoration to the mints would enhance prices for other commodities and benefit the great mass of our citizens. In brief, we help the people of the whole country in just the same proportion as we help the silver-mine owners.

About how much does England profit directly on the silver she buys from us?

- For the year ending June 30, 1894, our exports of the white metal to the United Kingdom exceeded our imports from her \$35,094,400. The average price of silver in London for 1894 was 68.7 cents. From this we may infer that she obtained about 55,000,000 ounces. Had she paid for this at the price of 1872, it would have

cost her \$72,000,000. She received it for \$37,000,000 less than the same amount would have brought in the last year of free coinage. This is equivalent to saying that our shuffling financial policy in one year robbed our own miners of \$37,000,000 and presented it to England. This has been in a single year. When we consider all the years that have elapsed since 1873 it ought to make an American hide his head in shame to protest against remonetizing silver for fear that it may put some money in an American mine-owner's pocket. An apostate son of the Republic who loves England better than his own country, may use that argument, but a true American, intelligent enough to comprehend its meaning, never will. The truly loyal sons of the Great Republic love their own country better than any other and desire the prosperity of all its citizens, and never will advocate the policy of cheap silver that takes money from Americans to give to Englishmen.

A great party in this country has gone before the people and advocated protection of the American manufacturer and the American working-man against the pauperized labor of Europe. The people of this Great Republic have gloried in the results of that policy, because it has made our country the greatest manufacturing nation on the globe. [Contrast with that this startling inconsistency. Twenty-three years ago our miners, unaided and unprotected by the fostering care of the government, had through their own energy, pluck and perseverance, made this the foremost nation in the world in its silver production. An achievement was theirs unparalleled in our country's history. Alone and unaided they had brought honor and riches to the nation, when this great government of ours, the same

that fostered our manufactures, led the nations in striking a blow at their prosperity by demonetizing their product. The same men who advocated protection to the American working-man forgot their creed when applied to the American miner who toiled in the sunless caves beneath the earth to exhume silver, and struck him down. They depreciated his wages by depreciating the value of his product and compelled him to sell for less than half what it was worth to foreign lands. For twenty-two years this giant wrong has stood unrectified. The miner's protests have been in vain and are met by the declaration that it will make him rich to undo the wrong. He never asked for aid. He asks for justice. What cares any honest man if it brings him prosperity? He never would have been poor had it not been for the government. The nation can never repay the hundreds of millions which it has taken from him and given to foreign lands, but he does ask that the discrimination against him by the government be removed and every American from Maine to California should join with him in demanding this as a measure of justice.

OUR COUNTRY'S POSITION.

UNDER free coinage is it the commercial or the mint ratio which controls the price of the two metals?

That would depend on the commercial standing of the country or countries that did the coining. If countries without much trade, the market ratio would preponderate, but if the countries from a commercial standpoint were sufficiently strong and powerful, the mint ratios would control and fix the market ratio?

To which ratio did silver and gold correspond prior to 1873?

To the mint ratio of France. The French ratio from 1803 to 1873 was $15\frac{1}{2}$ to 1. The market ratio corresponded more closely with that than with the coinage ratio in this country?

Why was that?

France was a strong nation commercially. We were in our infancy. We could not maintain our ratio against France for the same reason that Mexico cannot now maintain a $16\frac{1}{2}$ to 1 ratio. She is not of enough commercial importance. To do so a country must be able to absorb all the surplus silver presented and pay for it in products. In case of conflicting ratios under bimetallism, that of the country of the greatest commercial importance will control. For this reason *we could not hold gold up to silver*. In addition to this it must be remembered that nearly all our silver prior to the greenback era was imported. Foreign owners

sent us very little, but shipped the greater portion to France, as their ratio was more favorable to the white metal than ours. INSTEAD OF OUR SILVER LEAVING US IT WAS MORE PROPERLY A CASE OF SILVER FAILING TO COME TO US. We were able to obtain but little. This was nearly all needed for the fractional coins. Even what we did obtain and thus used tended to leave us, owing to the attraction of the French ratio. In contradistinction to this we were producing large quantities of gold. This would naturally seek the mints at home. These causes operated to make our coinage largely gold, but not entirely so, as silver was also coined and circulated.

Is the monometallist's claim that the French coinage under bimetallism was almost entirely silver, true?

The following figures show the amount of coinage since 1808 at the French mint:

	Gold in francs.	Silver in francs.
1803-5.....	69,148,320	117,075,090
1806-10.....	150,142,000	199,551,186
1811-15.....	412,437,860	651,003,725
1816-20.....	243,954,560	124,138,878
1821-25.....	58,218,480	440,803,784
1826-30.....	36,747,040	125,800,088
1831-35.....	103,268,680	822,313,995
1836-40.....	73,732,160	381,024,689
1841-45.....	19,915,780	379,160,698
1846-50.....	161,792,130	538,909,545
1851-55.....	1,583,657,880	178,969,433
1856-60.....	2,700,683,070	83,331,375
1861-65.....	958,419,620	21,886,059
1866-70.....	1,193,320,110	425,252,369
1871-75.....	309,401,580	342,847,716
Total.....	8,074,839,460	4,832,067,930

These figures completely refute the assertion. Instead of bimetallism being a failure in France it was a perfect success, and instead of their coinage and circulation

being nearly all silver the greater portion of it was gold. Had the authors of this assertion taken the pains to have investigated and ascertained the facts they would not have made this ridiculous claim. All this coinage at the French mint was at the ratio of $15\frac{1}{2}$ to 1 and was all tendered for coinage. There was no premium offered or given for either metal. Silver was coined every year and gold every year except 1872 and 1873, when it was deflected to pay the German war indemnity. Instead of none of the latter being coined and in circulation there was one-third more gold minted than there was of silver. The figures for French exports tell the same fact. From 1815 to 1870 the amount of gold imported into France exceeded the exports of the yellow metal by \$1,213,532,733. In fact the table of exports and imports of precious metals follows closely the figures of the mint. The figures show that bimetallism was a grand success in France and suggest that the cause of gold monometallism must be hard up when even in an irrelevant argument it is sought to be sustained by falsifying facts.

Has the commercial condition of this country relative to France greatly changed?

Yes. Our country has become the foremost nation in the world industrially. One-third of the world's manufacturing is done and nearly half its newspapers are published in the United States. We have one-third of the world's savings bank deposits and one-half its railway mileage. We produce one-third of the world's supply of precious metals, nearly one-half its copper, over one-fourth of its iron and steel, one-fourth of its wheat and four-fifths of its cotton. This indicates our importance as a commercial nation. We are leading the van and ought to be able to dictate the financial policy of other nations instead of borrowing ours from England.

What would be the consequence if our nation should open its mints to the free coinage of silver on the same terms as gold?

Silver and gold would come to a parity at the ratio fixed by our mints. If any one is afraid of the 16 to 1 ratio, this might be changed, but it is unnecessary. Our nation is strong enough commercially to take and maintain that ratio.

Would not our gold leave us?

Part of it might. The gold advocates have talked so much about free coinage giving us a dollar worth only "fifty cents" that some persons might believe them and send the yellow metal out of the country. How far their talk might have such an effect and how much it has had to do with prolonging the recent panic, no one can tell. These outbursts against silver have been pushed with great vigor and very little sense. Such outbursts have arisen mainly in Wall Street and been voiced by men who are unacquainted with the needs of the people outside the limits of the New York stock exchange. As a consequence of this silver-scare pushing possibly a considerable portion of our people may be affected with the *silverphobia*. If so they might send their gold out of the country. However, it would not go without something in return. No man will send gold to Europe and give it away. If it goes there, it will go to pay debts, or to buy something he wants more than he does the gold. In either case a better use can be made of it abroad than here and our people will be none the worse off, as they will have an equivalent in value. It would be simply a transferring of wealth from one form to another, so that there is nothing so very terrible after all in the idea of gold leaving the country.

Senator J. C. Burrows in an address at Bay View, Mich., Aug. 6, 1895, claimed that our gold and gold-bearing paper, about \$1,000,000,000, would all disappear and we should receive from foreign lands \$5,000,000,000 of silver. As the world's total stock of monetary silver, according to the Director of the Mints' Report for 1894, is only \$4,055,700,000 and we already have \$624,500,000 of this, it is not quite clear how they would manage to send us \$5,000,000,000. But suppose they did. Just how this silver was to get here was not stated; but gold advocates, with whom this is a favorite argument, say it is to be dumped upon us. Well, if our foreign friends are all fools, as the gold advocates seem to think, perhaps it would be. Then we should exchange \$1,000,000,000 in gold and paper for \$5,000,000,000 in silver. That does not look like a bad trade. It is just such an opportunity as any intelligent business man would jump at. Even if the silver was only worth half of \$5,000,000,000 we would still gain \$1,500,000,000. Also according to gold advocates' claims we are to have all the silver mined in the future dumped upon us. It is to be thus given us as fast as mined, so that we are at all times to have all the silver in the world and foreign nations all the gold. As a result, when the balance of trade was in our favor it would have to be settled in gold, but if against us in silver. Then these foreigners are to turn around and dump this silver into the United States. Here is an opportunity, according to the predictions of the gold advocates, to enrich our people, which should not be allowed to let slip. We should hasten to secure the hundreds and thousands of millions involved in the scheme. The only thing necessary to do it is to get over the superstitious belief that there is something divine in gold. Financiers often assert

that the Creator specially designed it for a money metal, whereas the truth is that in a natural state pure gold is nearly as soft as lead and totally unfit for money until hardened by the chemist's art through the admixture of an alloy. Really, *we could live and do business just as well with any other kind of money*, if we only thought so. Of course the idea of our being able to enrich ourselves in this manner is ridiculous, but follows logically from the absurd predictions of the gold advocates as to the effect of free coinage, and only serves to illustrate what ridiculous and imaginary bugbears are set up by men, who ought to be intelligent, to frighten the people from adopting monetary reform.

That our gold would not all leave is evident from the fact that when brought into competition with the greenbacks during the war it did not do so, but continued to circulate upon the Pacific coast, and the banks of the country held a considerable amount among their reserves. If the general use of a paper currency that at one time depreciated until it was only worth 35 cents to the dollar could not expel all our gold then, it is utterly preposterous to imagine that the free coinage of silver could do it now.

However, let us suppose the impossible. Let us imagine all the gold in this country owned by one man, who gathers it up and takes it to England. It will be useless to him unless he invests it there. Consequently with it he buys English property. In so doing the \$686,000,000 from this country is added to the English gold supply. The same demand for the yellow metal would exist, but England, which now has \$550,000,000, would then have \$1,186,000,000 of gold. The result of this oversupply would cause the yellow metal,

and with it the pound sterling, to fall in price. With this change in the monetary unit prices of all kinds of property would advance. Our shrewd American had bought when all property was low; he could now sell when it was high and make a fortune by the advance in prices. He could then lock up his gold and cause the monetary unit to appreciate and when, as a consequence, commodity prices had sufficiently fallen, he could buy again and sell later, and continue this process, making money with every change; so long as our English cousins were fools enough to maintain the gold standard.

Meanwhile the United States would have gone to a silver basis, with all the horrors so fearfully portrayed by our gold-advocate friends. But what would this terrible condition be? The withdrawal of our gold gave a demand for \$636,000,000 of silver to replace it. This came to us from all parts of the world. When it came here it was not given to us, but exchanged for our products. The result was a new demand for our products from all silver-producing countries. They were thus brought into trade relations with us. We took their silver and gave them the things that we produce. The commercial ties broaden and grow stronger until, while Europe still sleeps weighted under the incubus of her single gold standard, we have gained the commercial supremacy with all silver-using nations.

What was the effect of this upon the people in our own country? In the first place our silver miners were set at work to compete with the silver-producing nations in supplying our need. The increased demand for \$636,000,000 of silver to replace the gold sent it to a parity, or it might be to a premium. Our farms, factories and mines were wrought to their full capacity to furnish

the goods needed to exchange for the foreign silver. Labor found employment, wages advanced, the army of tramps, idle men and soup-houses disappeared, mortgages were paid and interest stopped, the people felt more liberal toward the old soldiers because they had an abundance out of which to pay pensions, and, in short, our country would enter upon an era of unexampled prosperity such as it can never attain while fettered by the gold standard.

That these things will not actually occur is due to the fact that our gold will not leave us. If it did these results would be inevitable. They would be as certain to follow as the night the day or as the magnet turns to its pole. The temporary financial flutter consequent upon the departure of the gold would be soon forgotten in the general prosperity that would ensue. But part of our gold would probably leave, and in so far as it did, it would tend to bring about the prosperous condition set forth above.

However, that portion that went would return. England needs our breadstuffs and cotton and must have them. With her the balance of trade will be in our favor and must be settled in the precious metals. She has no silver except what is needed in the subsidiary coinage. Consequently, when we cut off her supply of the white metal and her opportunity for cheap purchases with it, she will be forced to buy on our terms. This will bring a return of the gold, and in addition to that our people will have the advantage of better prices for what they sell.

In this connection it may surprise some people to be told that we virtually have no gold. We owe it all and are paying interest for its use. It would take every dollar of it and more too, to pay our debts abroad. Our

position is that of the man who fancies he is rich when he has nothing but borrowed money in his pocket. We are, as it were, custodians of English gold. Our European masters can call for all we have at any time. We saw an example of their doing so in part after the Barings failure. We saw it again after the failures in Australia and after Austria-Hungary changed from the silver to the gold standard. The Rothschilds needed the yellow coin to change those debts into gold obligations and our stock commenced to go abroad. The drain continued until the President of the United States was compelled to bribe the foreign syndicate by a bonus of about ten million dollars to cease their raids upon the treasury. What kind of money is that on which to build the greatness of the greatest nation on the globe, that is liable at any time to desert its country and cause a panic, and that has to be bribed to return? The American people may well look with alarm and indignation upon such an exhibition of the condition of financial dependence into which the leading of her eminent financiers has brought the nation, and may very fittingly refuse to follow such leadership longer.

Is there any way in which gold can be driven from the country?

Probably if the United States should demonetize the yellow metal, that would do it.

What would be the effect if we should thus demonetize gold and drive it from the country?

The yellow metal would go to other gold-standard nations and increase the volume of their basic money. This increase in the quantity of money would warrant an expansion of credits. It would thus promote business and raise prices in those nations. The price of wheat, cotton and other exports is fixed abroad. Con-

sequently, other things being equal, the greater the volume of basic money in those nations, the higher will be the prices for all such commodities. DEMONETIZATION OF GOLD WOULD THEREFORE RAISE THE PRICES THAT OUR EXPORTS WOULD COMMAND.

Then what would be the effect of increasing our bonded debt in order to bring gold from England to the United States?

In so far as it made money scarce in Great Britain, other things remaining the same, it would depress prices there. It would thus help England to buy her breadstuffs and raw material cheap. By making her money dear, it would also cheapen the price of the silver she buys for the purpose of making purchases in silver-using nations. In both these respects it would tend to enrich England at the expense of the United States. *It would thus be a measure to benefit England and at the same time to compel us to pay interest for the privilege of so doing.*

But under the gold standard do we not need the gold in order to maintain prices by maintaining the volume of basic money in this country?

Certainly, and will so long as we maintain that standard.

Where then should we obtain the gold?

From some country to which we send no exports, like those in the heart of Africa. If this cannot be done, then we should obtain it from countries where we buy more than we sell. Better still for us would be the abolition of that standard.

Is international bimetallism attainable?

Probably not. Every country has its own ideas of value. There is but little in common between the nations. A tribe of savages has very different ideas in

regard to the values of commodities from what prevails among civilized people. Even among the latter their ideas, though not to the same extent, still differ, and as a consequence of such differences their standards to measure those values will naturally differ. From this consideration it can hardly be expected that the various nations can come together and unite on a common standard. If free from other controlling influences, part of them might, but it would only be those whose ideas came nearest together.

But they are not free from other influences. Every monarch's throne in Europe rests upon standing armies and the ability to wage wars. Without this they could not exist; and there is not a government in the old world that could maintain a war for a single day without the consent of the men who have money to lend. The real rulers are not the men who wear the crowns, but the money-lenders. The latter own and control the throne. The reputed rulers understand their subserviency. Under such circumstances there can be no such thing as public opinion directing events. The men who have money control, the reputed monarchs are their servants, and the standing armies the tools to enforce their decrees. Ground beneath such forces, the people have no voice and experience has shown that the old world money-lenders have no more regard for popular rights than those with us, and never relinquish an advantage which they have once attained.

In addition to this there are considerations involved that far outweigh any principles of justice. England is a creditor nation and is being enriched by the gold standard. To expect her to join the nations in remonetizing silver would be like expecting a man to enact laws that would deprive him of his opportunities for

gain. There is no probability of such a thing being done. International bimetallism is therefore the delusive mirage to turn people aside from the real object of attainment. It is the *Fata Morgana*, elusive as a dream of magic and as hopeless of accomplishment as the pursuit of perpetual motion.

Moreover, is it not a humiliating view for the people of this nation to take? We are dependent upon the old world and must be dictated to in financial legislation by France, England, Belgium, Holland, etc. We dare not enact a law until Italy and Turkey agree to do the same thing. Our legislation is not to be prompted by the consideration of what is best for the people of this great Republic and a desire to promote its industries, but by what the monarchs, with the Rothschilds' consent, decide is best for the Huns and Slavs of Europe. Shades of Washington and 1776! to what has this Republic come?

If bimetallism is ever accomplished, how must it be done?

By the United States leading the way. We have seen that international bimetallism is something that cannot be expected. Therefore some nation must lead as the only practical method of its attainment. The United States is the great silver-producing country. It is the great agricultural country and the leading commercial nation of the world. It is also a great debtor nation. It has, therefore, more at stake and has the domestic and foreign commercial strength to lead the way. In addition to this our accumulated silver at Washington is a menace that will effectually deter any other country from taking the lead. For these reasons the first movement must start with us. When our mints are thrown open to both metals on

equal terms, then we may expect other nations to follow, but not before.

Finally, the real question is, shall we continue to use both gold and silver on terms of equality in our monetary system, or shall we eliminate silver and be limited to the use of gold alone? Can our laboring, producing people be frightened, cajoled or bullied out of one-half of their redemption money in order that the idlers and drones may fatten on the products of their industry, or will they stand up as American freemen, strong in their manhood, and demand that this appreciating and dishonest gold standard under which such injustice is wrought shall be abandoned? In a word, shall our monetary system be for the benefit of England and a few American money-lenders and brokers, or shall it be of that kind that will benefit the great mass of our people, promote the industrial development of our country and give it that financial independence becoming a nation whose revolutionary sires struggled and poured out their blood for eight years to free from old world domination?

THE END.

